

COTTON, LIVERPOOL
and the
AMERICAN CIVIL WAR

Thesis submitted in accordance with the
requirements of the University of Liverpool
for the degree of Doctor in Philosophy by
Jim Powell

October 2018

ABSTRACT

Jim Powell – ‘Cotton, Liverpool and the American Civil War’

Before its civil war erupted, America had supplied 80 per cent of the raw material for Britain's largest industry, the cotton trade. After the outbreak of war in 1861, this fell to almost zero. The purpose of this thesis is to examine what happened to the British raw cotton trade and to the Liverpool cotton market during the American Civil War. Both topics have been largely ignored by historians.

Specifically, the investigation covers: a study of the alternative sources of supply, what was done to develop them before and during the war and why the attempts failed; a narrative of the cotton trade during the war in the context of political and public opinion; a quantification of the raw cotton available to Britain during the war and of the proportion of latent demand that could be met; an examination of attitudes and behaviour within Liverpool during the war; and a study of the financial side of the market, covering the the explosion of prices, the activities of speculators and cotton brokers and the business failures at the end of the war.

The principal findings are these. There was no realistic alternative to the dominance of American cotton and, in its absence, no possibility of finding an adequate replacement. In consequence, Britain's production of cotton yarn in the years 1862-64 was at 46 per cent of the level of the preceding three years and, making a reasonable allowance for lost market growth, at 36 per cent of the requirement. The near-unanimous belief of historians that the Lancashire cotton famine was wholly or mainly caused by an over-production of cotton goods before the war is examined in detail, and is flatly contradicted by the evidence.

Another accepted historical opinion, that Liverpool and its cotton traders overwhelmingly supported the Confederacy, is shown to be a great exaggeration. The reality was more subtle and more diverse but, at the very least, Liverpool strongly supported neutrality and non-intervention.

More detail on the activities of Liverpool's cotton traders, and in particular the brokers, is provided than has ever previously been published. The conclusion is that the brokers, especially those who sold on behalf of importers, were the real power in the market, more so than their clients. The orgy of speculation in cotton during the war is laid bare, as is the role of brokers within it, and the fury that this provoked in Manchester. Liverpool's cotton brokers are shown to have had massive conflicts of interest, to have enriched themselves while much of Lancashire starved, and to have shown an almost complete indifference to the wider cotton trade.

The civil war would have been a calamity for Britain's cotton trade in any event. What happened on the Liverpool market simply made it worse.

CONTENTS

<i>Abstract</i>	<i>i</i>
<i>Acknowledgements</i>	<i>iii</i>
<i>Tables and figures</i>	<i>iv</i>
<i>Abbreviations</i>	<i>vi</i>
1. FEAST AND FAMINE	I
An introduction to Britain's cotton trade on the eve of the war	
2. THE SATURDAY AFTERNOON SYNDROME	29
Why nothing was able to replace American cotton	
3. A THREE-PHASE SUPPLY	59
How the cotton trade reacted to the civil war	
4. THE UNFATHOMED PIT OF RAW COTTON	86
Quantifying the scale of the cotton scarcity	
5. THE UNCHARTED MOUNTAIN OF COTTON GOODS	115
Why the cotton famine was not caused by pre-war over-production	
6. LIVERPOOL, LOUISIANA?	142
The town's contradictory response to the civil war	
7. A TOLL BOOTH ON THE MERSEY	172
How Liverpool enriched itself at Manchester's expense	
8. THE BROKERS AND THE BROKEN	201
The nearest truth about Liverpool's cotton brokers	
9. FAMINE AND FEAST	232
Conclusions on Britain's cotton trade during the war	
APPENDICES	
1. Notes on statistical sources	239
2. Recipients of raw cotton at Liverpool	244
3. Bankruptcies of cotton brokers	250
4. Post-war biographical notes	252
BIBLIOGRAPHY	256

ACKNOWLEDGEMENTS

I owe a great debt to Dr Richard Huzzey, now of Durham University, who was brave enough to take me on as a post-graduate student at the University of Liverpool and who gently re-educated me in the ways of academia after a lapse of more than forty years. Richard was my primary supervisor in the early years of this thesis, and has continued to be an invaluable mentor from the banks of the Wear.

I am also grateful to Dr William Ashworth of Liverpool, who took on the role of primary supervisor after Richard had moved to Durham, and who has guided the thesis enthusiastically through to its completion. Dr Graeme Milne of Liverpool has been my secondary supervisor throughout, as well as the source of much essential material on the commercial history of the port. My three supervisors could not have offered a more complete balance of historical interests and experience, as reflected in their published works quoted here. This thesis would not have been possible without them. I would also like to thank Lucy Kilfoyle for sharing her research on the *Porcupine*.

Many libraries and their staff have offered essential assistance to my research. I would like to thank in particular the Sydney Jones Library at the University of Liverpool, the Search Room at Liverpool Central Library, the Archive Room at the Merseyside Maritime Museum, the Library of the Athenaeum Club, Liverpool, the John Rylands Library, Manchester, the British Library, the Cambridge University Library, the Bodleian Library, Oxford, and the Joule Library, Manchester.

Finally, by way both of acknowledgement and of a declaration of interest, I would like to thank my great-great-grandfather, William Mayne Neill, and his brother, Henry Montgomery Neill – the Neill brothers of this thesis. It was the discovery of their part in the cotton trade during the American Civil War and after it that set me off on the road that has led to here.

Jim Powell, October 2018

TABLES AND FIGURES

TABLES

	<i><u>page</u></i>
1.1 British Raw Cotton Imports, 1853-60	10
2.1 Source of British Raw Cotton Imports, 1857-68	53
2.2 Long-Term Share of British Raw Cotton Imports, 1840-1900	57
4.1 British Raw Cotton Imports, 1860-67	94
4.2 British Raw Cotton Re-Exports, 1856-67	95
4.3 Raw Cotton Available to British Spinners, 1856-67	100
4.4 British Yarn Production, 1856-67	105
4.5 Manufacturing Costs and Margins, 1856-66	111
5.1 British Exports of Cotton Goods, 1860-66	126
5.2 Stocks of Cotton Goods, 1856-66	127
5.3 Quarterly Sales, Stocks and Price of Raw Cotton, 1858-61	129
5.4 Estimated Consumption Deficit of British Cotton, 1861-67	139
7.1 Value of British Raw Cotton Imports, 1858-67	180
7.2 The Role of Speculation in Raw Cotton Sales, 1858-67	181
8.1 The Effect of the Civil War on Raw Cotton Consignments, 1860 and 1864	216
8.2 Non-Broker Recipients of Cotton Consignments, 1860 and 1864	218
8.3 Cotton Received by Members of the Liverpool Cotton Brokers Association, 1860 and 1864	221

FIGURES

	<i><u>page</u></i>
1.1 British Raw Cotton Consumption and Prices, 1800-1900	8
2.1 British Imports of Indian Cotton and its Liverpool Price, 1859-67	47
3.1 Weekly Movement of Raw Cotton Prices in Liverpool, 1861-65	61
3.2 Collapse of Cotton Imports from America, August 1861	67
4.1 Weekly Raw Cotton Stocks, 1861-65	107
4.2 British Stock Cover at Current Production Level, 1861-65	107
4.3 Calculated Spinning Volume, 1861-66	109
5.1 British Production of Cotton Yarn and Cloth, 1853-61	123
5.2 British Exports of Cotton Yarn and Cloth, 1853-61	124
5.3 The Unfilled Demand for Yarn, 1861-67	140
6.1 Volume through the Port of Liverpool, 1854-66	153
6.2 Liverpool Port Dues, 1854-66	153
7.1 Rough Value of British Raw Cotton Imports, 1800-1900	179
7.2 Minimum Commission Earnings of Cotton Brokers, 1858-67	194
7.3 Sales of Raw Cotton to British Spinners, 1858-67	195
8.1 Recorded Liverpool Cotton Broking Firms, 1864	211

ABBREVIATIONS

Sources in the tables and figures

ABHS	B. Mitchell with P. Deane, <i>Abstract of British Historical Statistics</i> (Cambridge University Press, 1962)
CBE	Custom Bills of Entry, Liverpool B Bills
ED	Ezekiel Donnell, <i>The Chronological and Statistical History of Cotton</i> (New York: James Sutton & Co., 1872)
GH	George Holt & Co., annual Cotton Circular for 1866 (National Archives, LCBA Records 380 COT/1/11/71)
JP	John Pender & Co., <i>Statistics of the Trade of the United Kingdom with Foreign Countries from 1840</i> (London: Simpkin, Marshall, 1869)
MDHB	Mersey Docks & Harbour Board
MW	Maurice Williams, <i>Seven Years' History of the Cotton Trade of Europe</i> (Liverpool: William Potter, 1868)
PP	House of Commons, Parliamentary Papers, <i>Statistical Abstract for the United Kingdom in each of the Last Fifteen Years</i> (various years)
TE	Thomas Ellison, <i>The Cotton Trade of Great Britain</i> (London: Effingham Wilson, 1886); Ellison & Haywood, annual Cotton Circulars for 1865-66 (National Archives, LCBA Records 380 COT/1/11/70-71)

Other abbreviations

BNA	British Newspaper Archive
CC	Cotton Circular
CSA ¹	Cotton Supply Association
EIC	East India Company
JRL, OTEA	John Rylands Library, Archive of the Oldham Textile Employers' Association
[L]CBA	[Liverpool] Cotton Brokers' Association
LRO	Liverpool Record Office
NA	National Archives
ODNB	Oxford Dictionary of National Biography

¹ It is unhelpful that three relevant organisations have the initials CSA. In this thesis, the Cotton Supply Association alone is shortened to the CSA. The Cotton Spinners' Association is referred to as the Spinners' Association, and the Confederate States of America as the Confederacy.

I

FEAST AND FAMINE

An introduction to Britain's cotton trade on the eve of the war

At no time since the Industrial Revolution has one industry dominated the British economy, British employment, British exports, in the way that cotton did for most of the nineteenth century. In 1850, Britain possessed 60 per cent of the world's spindles and 53 per cent of its power looms.¹ In 1853, it supplied 45 per cent of the world's consumption of cotton cloth.² By 1860, cotton accounted for 11.5 per cent of national income, and nearly half the factories in the country were for cotton production.³ Raw cotton accounted for 18 per cent of British imports, and cotton goods for 38 per cent of British exports.⁴ In 1861, the number of people directly employed in the industry was about 646,000.⁵ Those not directly employed, but still dependent on cotton for their livelihoods, took that figure into the millions.⁶ About a sixth of the population of England, Scotland and Wales was, to a greater or lesser extent, reliant on cotton for its income, including most people within the borders of Lancashire and Cheshire.

Then, in August 1861, the raw cotton stopped coming. The American Civil War, which had started in April, switched off 80 per cent of Britain's supply, almost overnight. In the words of Thomas Sebrell, the Union and the Confederacy "exported their war to the British Isles".⁷ Cotton feast turned to cotton famine.

¹ D. Farnie, 'The Structure of the British Cotton Industry, 1846-1914', in A. Okochi & S. Yonekawa (eds), *The Textile Industry and its Business Climate* (Tokyo: University Press, 1982), p. 47

² D. Farnie, *The English Cotton Industry and the World Market, 1815-1896* (Oxford: Clarendon Press, 1979), p. 86

³ *Ibid.*, p. 24

⁴ A. Howe, *The Cotton Masters 1830-1860* (Oxford: Clarendon Press, 1984), p. 48; L. Levi, 'On the Cotton Trade and Manufacture as affected by the Civil War in America', *Journal of the Statistical Society of London*, Vol. 26, March 1863, pp. 32-33

⁵ T. Ellison, *The Cotton Trade of Great Britain* (London: Effingham Wilson, 1886), p. 66

⁶ A. Howe, 'The Business Community', in M. Rose (ed.), *The Lancashire Cotton Industry: A History since 1700* (Preston: Lancashire County Books, 1996), p. 97

⁷ T. Sebrell, *The American Civil War in Britain*, <<http://www.essentialcivilwarcurriculum.com/the-american-civil-war-in-britain.html>> [accessed 8 October 2017]

From then until April 1865, when the war ended, the country was starved of most of the raw material for its largest industry. All aspects of Britain's cotton trade were profoundly affected by the war. There are no cotton indices for the nineteenth century that fail to show these four years, and the ones immediately after them, as an anomalous period. The market, as it had existed prior to 1861 and would exist again later, ceased to function. The civil war created a crisis for cotton. However, as Brian Schoen has said, "without cotton and the international demand for it, there would not have been secession or a Civil War."⁸ Schoen's remark is a reminder that, even at this early stage in the world's industrialisation, cotton was part of a transatlantic and indeed a global network. If, by 1861, Britain had come to dominate that network, it was a comparatively recent development. This thesis examines the civil war's effect on the cotton trade in Britain. However, the effects were also felt in most other parts of the world, so it is first necessary to trace the origins of the cotton trade globally, as well as nationally.

Three recent works have challenged earlier, more national views of the growth of the British cotton industry.⁹ The strength of Sven Beckert's work is that it provides an overarching narrative for the development of cotton, more or less from the dawn of time to the present day, weaving national strands into a global fabric. Its weakness is that it relies heavily on post-rationalisation, with contemporary values and concepts superimposed on the past. Where Beckert stays with his narrative and draws disparate information together from around the world, he paints a breathtaking picture. But he does not always do that. He persists in constructing a series of intellectual straitjackets in which to dress the history of cotton, some of them remarkably ill-fitting. This is nowhere justified in any context beyond the cotton industry itself, making his book almost entirely cotton-centric and giving the impression that every significant industrial development in the world stemmed from cotton. If Beckert believes that in the mid-nineteenth century government worked closely with industry to do the bidding of the latter, he needs to explain two things about the British reaction to the American Civil War: why,

⁸ B. Schoen, *The Fragile Fabric of Union* (Baltimore, MD: Johns Hopkins University Press, 2009), p. 259

⁹ P. Parthasarathi, *Why Europe Grew Rich and Asia Did Not* (Cambridge University Press, 2011); S. Beckert, *Empire of Cotton: A New History of Global Capitalism* (London: Allen Lane, 2014); G. Riello, *The Fabric that Made the Modern World* (Cambridge University Press, 2015)

when the ports that shipped 80 per cent of Britain's raw cotton were closed, the British Government failed to use the most powerful navy in the world to intervene; and why, in the absence of American cotton, that Government barely raised a finger to help procure fresh supplies elsewhere. He explains neither. Finally, while accepting that detailed support for all his arguments is impossible, the use of highly selective, minutely detailed, qualitative data is bound to raise suspicions. It is essential that the research and factual data that underpin the conclusions do genuinely support them. Yet, in the parts of the book that are directly relevant to the subject matter of this thesis – principally the section on the civil war¹⁰ – they frequently do not. This weakens confidence in the overall arguments, and especially in the reduction of the eighteenth and nineteenth centuries to the alleged phases of 'war capitalism' and 'industrial capitalism'.¹¹

The works of Giorgio Riello and Prasannan Parthasarathi suffer from none of the flaws that beset Beckert's history. They each offer an evolutionary account of the growth of the global cotton industry and explain how and why the centre of world cotton moved from India to Britain over the course of the eighteenth and early nineteenth centuries. Three quotations exemplify the fundamental difference in approach. Beckert presents the growth of the British cotton industry as a deliberate and *dirigiste* programme: "managing to acquire [raw cotton] meant [Britain] building the first globally integrated manufacturing industry."¹² In contrast, Parthasarathi concludes that "industrialization in Western Europe did not emerge from an effort to industrialize. It was an unanticipated, unforeseen and unintended outcome of the economic and social needs that were found in that part of the world."¹³ And, in Riello's words, "cotton did not become a global commodity because its production was mechanised and industrialised; on the contrary, it became mechanised and industrialised thanks to the fact that it was a global commodity."¹⁴ Parthasarathi and Riello have presented altogether more subtle, more credible accounts of the development of the cotton industry, and ones that

¹⁰ Beckert, *Empire*, pp. 242-273

¹¹ *Ibid.*, pp. xv-xvii

¹² *Ibid.*, p. 85

¹³ Parthasarathi, *Why Europe*, p. 9

¹⁴ Riello, *Cotton: The Fabric*, p. 149

take fuller account of the historical continuum. Their two narratives feed readily into the existing consensus on Britain's industrial revolution, whereas Beckert controversially re-asserts the traditional view that cotton was at the centre of that revolution.

The revisionism began in 1962 and was the offspring of the theories of John Clapham, Alfred Marshall and John Maynard Keynes.¹⁵ The new interpretation saw economic development in terms of an evolutionary process, not a dramatic lift-off into self-sustaining growth. It emphasised the multi-sectoral nature of the process, in contrast to the leading sector theory, and played down the autonomous role of technological change.¹⁶ It denied the traditional view that cotton was the great exemplar of the industrial revolution, complaining, in Douglas Farnie's words, that cotton's influence "had been exaggerated to the point of virtually identifying the Industrial Revolution with the development of a single industry"¹⁷ – an accusation that could equally well be levelled at Beckert. These conclusions fit naturally with those of Riello and Parthasarathi, who have taken both the British and the global contexts and fused them into a single, coherent narrative of the birth of the British cotton industry. To their studies should be added another recent work that offers more detail on how, from the early eighteenth century, Britain was able to progress from being an insignificant force in the production of cotton goods to dominating the world market.¹⁸ In a refinement of Phyllis Deane's belief that the growth of the British cotton trade was the product of *laissez-faire* policies,¹⁹ William Ashworth argues that the cotton industry embraced free trade only later in its development, when it became convenient, and that what enabled its ascent was protectionism.

In synthesising these assorted histories into an explanation for the take-off of the British cotton industry, the starting point is to establish that, at the beginning of the eighteenth century, cotton was already a semi-global commodity. It was Indo-centric in terms of the cultivation of cotton and of the production of cotton goods,

¹⁵ Farnie, *English Cotton*, pp. 18-19

¹⁶ *Ibid.*, pp. 18-19; P. Deane, *The First Industrial Revolution* (Cambridge University Press, 1967), pp. 95, 116-117

¹⁷ Farnie, *English Cotton*, p. 19

¹⁸ W. Ashworth, *The Industrial Revolution: The State, Knowledge and Global Trade* (London: Bloomsbury, 2017)

¹⁹ Deane, *Industrial Revolution*, pp. 202-219

which were traded through networks long established in Asia and the Middle East.²⁰ The formation, at the beginning of the seventeenth century, of European companies trading with the East Indies began to create a demand for cotton goods in Europe, where previously the available fabrics had been made of wool, linen or silk. So concerned were European governments at the fashion for brightly coloured Indian cotton fabrics, with the consequent flow of bullion to pay for them, that protectionist legislation was enacted in several countries. In Britain, two acts were introduced, in 1701 and 1721, with the combined effect of prohibiting the import of all decorated Indian cloth, unless it was kept in bonded warehouses and re-exported.²¹ The law allowed the import of plain Indian calico and its subsequent printing in Britain, as long as the finished cloth was also re-exported. The intention of these measures had nothing intrinsically to do with cotton. They were enacted to protect British wool and silk manufactures, as well as its textile printing industry, without damaging the country's export trade.²² The effect, however, was to whet still further the country's appetite for a banned fabric, to encourage the growth and refinement of cotton printing, previously a rudimentary process in Britain, and eventually to stimulate cotton manufacturing.²³

Of equal importance to this unintended promotion of a British cotton industry was the Atlantic trading network that Britain was developing, also founded partly on cotton.²⁴ Before long, this network would unite with the existing Asian network to create a worldwide web of cotton – “the first truly global commodity”, in Riello's words.²⁵ Much of this Atlantic trade was connected with slavery, with cotton fabrics used as the currency to purchase slaves in west Africa. Initially, these fabrics were Indian but, as the demand for them grew, merchants increasingly supplemented them with British-made cotton fabrics. At this point, in the third quarter of the eighteenth century, the British product was both inferior to the

²⁰ Riello, *Cotton: The Fabric*, pp. 26-27

²¹ W. Ashworth, *Industrial Revolution*, pp. 53, 101, 166-167

²² Parthasarathi, *Why Europe*, pp. 125-126; Riello, *Cotton: The Fabric*, p. 123; W. Ashworth, *Industrial Revolution*, p. 9

²³ Parthasarathi, *Why Europe*, p. 95; Riello, *Cotton: The Fabric*, p. 86

²⁴ Cotton accounted for more than 50 per cent of the value of the East India Company's exports to Europe until 1779 (Riello, *Cotton: The Fabric*, p. 95), when it was superseded by British cotton.

²⁵ Riello, *Cotton: The Fabric*, p. 134

Indian and more expensive. In the view of both Riello and Parthasarathi, this and the need to produce cotton warp, created the pressure to innovate that led to the great inventions of Hargreaves, Arkwright, Crompton and Watt, and paved the way for the industrialisation of the British cotton manufacture.²⁶

It can therefore be seen that three elements with different roots came haphazardly together in the late eighteenth century to create the possibility of a transformational change. The first was the fact that a global demand for cotton goods already existed, largely created by India.²⁷ The second was that major markets and trading routes had already been opened by British merchants.²⁸ The third – and most neglected – element was that, during the long incubation period of Britain's cotton manufacture, the industry was protected, first by an outright ban on the competition and then, later in the century, by a tariff wall. In the 1780s, Manchester successfully demanded continued government protection from Indian cottons: a 100 per cent duty effectively shut them out of the British market.²⁹ According to Arthur Redford, “down to the end of the eighteenth century, Lancashire merchants and manufacturers still felt the necessity for protection against the competition of Indian textiles.”³⁰ By the end of the century, with the main inventions now in place, British cotton yarn and cloth were the cheapest in the world, arguably the best, and certainly capable of being produced in the greatest quantity. And Britain, through its control of India, could now prevent that country from creating the same protective wall against British imports that Britain had created against Indian imports.³¹ In this way, the cuckoo in the nest was able to fledge. Britain did not create the global market for cotton goods; it usurped India's role in it. The stage was set for explosive growth.

Before it could be realised, a further element was required: a reliable high-volume source of the raw material. As Beckert has pointed out, “British cotton manufacturing ... was the first major industry in human history that lacked locally

²⁶ Parthasarathi, *Why Europe*, pp. 98-109; Riello, *Cotton: The Fabric*, p. 227

²⁷ Parthasarathi, *Why Europe*, pp. 21-50; Riello, *Cotton: The Fabric*, p. 147

²⁸ Riello, *Cotton: The Fabric*, pp. 147-154

²⁹ Parthasarathi, *Why Europe*, pp. 111-113

³⁰ A. Redford and others, *Manchester Merchants and Foreign Trade*, Vol. I, (Manchester University Press, 1973), p. 110

³¹ Parthasarathi, *Why Europe*, p. 258; Beckert, *Empire*, pp. 171-172

produced raw materials.”³² In the early years of Britain’s cotton manufacture, raw cotton had been imported first from the Ottoman Empire and latterly from the slave plantations in the British West Indies.³³ Volume and price were erratic. American raw cotton began to be imported into Britain on a regular basis in 1791 and, from then onwards, assumed a progressively dominant share of the market, enabled by Eli Whitney’s invention of the saw-gin – an innovation as important as any of the British cotton-processing inventions.³⁴ William Phalen has argued that it was the saw-gin that kick-started the volume export of American raw cotton to Britain.³⁵ The role of slavery in this trade will be examined more closely in Chapter 2. For Beckert, slavery provided the rationale for Britain’s raw material switch to America.³⁶ For Riello, “cotton production came to rely on slave cultivation not out of rational calculations on its efficiency, but because it followed a model already adopted by sugar, cocoa, coffee and tobacco cultivation.”³⁷ While this is true, it is simpler and sufficient to say that, after Whitney’s invention, America produced the best cotton, and it was available to Britain in volume. The fact that it was slave-grown was irrelevant to the British trade. America rapidly became the answer to Britain’s need for a raw cotton supply that was large, dependable, capable of keeping pace with the demand for finished goods and, crucially, at a price that grew steadily cheaper through to the middle of the nineteenth century.³⁸ From small beginnings, raw cotton imports advanced through the century, while prices tumbled (Figure 1.1). The growth in the demand and the reducing cost of the raw material fuelled each other constantly. Much of this growth came from overseas markets: at the start of the civil war, about 80 per cent of Britain’s production of cotton goods was exported.³⁹

³² Beckert, *Empire*, p. 85; Deane, *Industrial Revolution*, p. 64

³³ Ellison, *Cotton Trade*, p. 16

³⁴ Farnie, *English Cotton*, p. 82; Riello, *Cotton: The Fabric*, p. 204

³⁵ W. Phalen, *The Consequences of Cotton in Antebellum America* (Jefferson, NC: McFarland & Co., 2014), pp. 26-29

³⁶ Beckert, *Empire*, pp. 115-120

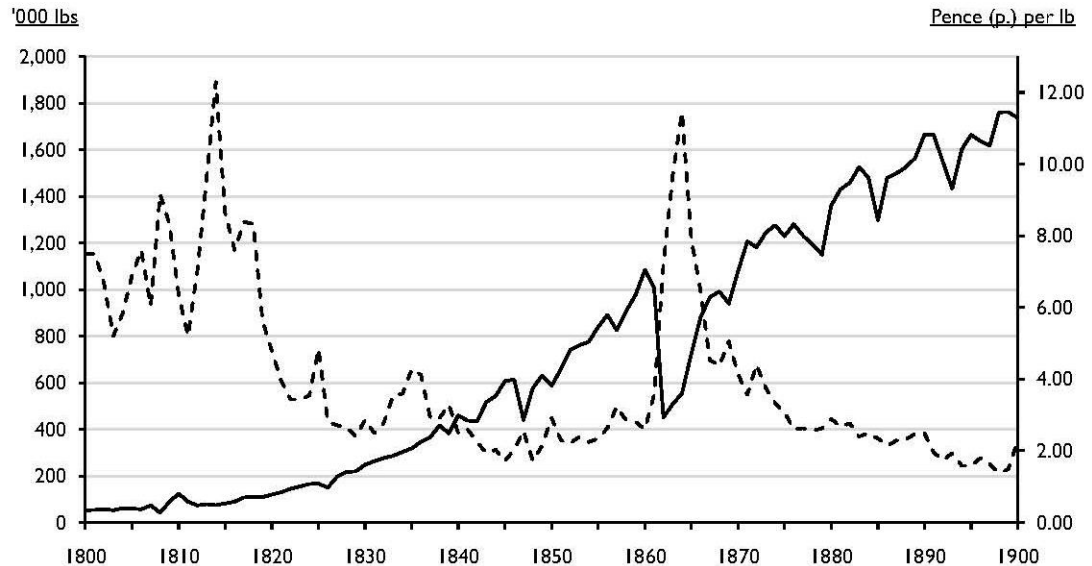
³⁷ Riello, *Cotton: The Fabric*, p. 198

³⁸ The Liverpool price of raw cotton fell by 85 per cent from 1779 to 1812 (Ellison, *Cotton Trade*, p. 55) and by a further 63 per cent up to 1860 (B. Mitchell & P. Deane, *Abstract of British Historical Statistics* [Cambridge University Press, 1962], p. 491).

³⁹ Ellison & Haywood, annual CC for 1866, Liverpool Record Office (LRO), 380 COT/1/11/71

Figure 1.1

BRITISH RAW COTTON CONSUMPTION (solid line) and PRICES (dotted line),
1800-1900



Source: ABHS

By 1861, the growth rate of the British cotton trade had passed its zenith, but it was still growing, and cotton was still the country's foremost industry.⁴⁰ The years immediately before the war were some of the most profitable the manufacturing trade had ever known: margins averaged 21 per cent between 1856 and 1860.⁴¹ After a poor American crop of 1856-57, supplies had been good, and the 1859-60 harvest spectacularly so. Exports were running at record levels and prices were firm.⁴² In fact, the market for British cotton goods was so strong that the greatest concern of all sectors of the trade was whether the supply of raw cotton would continue to meet the demand, as will be shown in Chapter 5. Viewed with hindsight, the years before the outbreak of war were a golden age for the British cotton trade – if not for those who produced its cotton – set at the heart of a golden century. Farnie referred to the period from 1849 to 1861 as “the halcyon decade”.⁴³

⁴⁰ Deane, *Industrial Revolution*, p. 98

⁴¹ Ellison & Haywood, annual CC for 1866, LRO, 380 COT/1/11/71

⁴² E. Donnell, *Chronological and Statistical History of Cotton* (New York: James Sutton & Co., 1872), pp. 484-485, 500-501, 508-509

⁴³ D. Farnie, ‘The English Cotton Industry, 1850-1896’ (unpublished M.A. Thesis, University of Manchester, 1953), p. 405

Cotton's pre-eminent position came at the price of two endemic problems. In a global market that was growing rapidly, it was difficult for the manufacturing trade to know precisely what the demand for its goods was at any moment, or what it would be in a year or two's time. Acting on market intelligence from the far corners of the world at a time when goods could take six months to reach their destination was an almost impossible task.⁴⁴ It was hard, therefore, to keep the supply of cotton goods in equilibrium with the demand, and hard to know how much to invest in new capacity, and when. These problems were not helped by the multiplicity of firms within the industry, many of them large, but even more of them small.⁴⁵ Imbalances between supply and demand did occur and, as will be explored in Chapter 5, the greatest of them is widely believed to have occurred immediately before the civil war, which has made the impact of that conflict harder to assess.

The other endemic problem for the industry was that it had no jurisdiction over its raw material. As one commentator noted, "Lancashire may any year be laid prostrate by causes from whose action she has no escape, and over which she has no control."⁴⁶ In any given year, the imports were what they were, and there was no immediate way of obtaining more. Price regulated demand to match supply, and never more so than during the civil war (Figure 1.1 illustrates this clearly), but the country's largest industry was still a hostage to forces beyond its control. Although the years of the civil war were, by a distance, the most disruptive period of the century, they were not the only such period. The vagaries of the American crop; variable imports from other sources; wars and disturbances: all these had an effect on the market.⁴⁷ This unpredictability of the raw material, and the periodic imbalance between the supply and demand of finished goods, meant that the cotton industry – even in the midst of its greatest prosperity – was no stranger to short-time working. The civil war period provided the most extreme instance but, again, not the only one.⁴⁸

⁴⁴ W. Rostow, *British Economy of the Nineteenth Century* (Oxford University Press, 1948), p. 8

⁴⁵ In 1861, the Factory Inspectors counted 1,979 cotton firms – a mixture of a few large family businesses and "a vast array of small manufacturers" (Howe, 'Business Community', p. 95).

⁴⁶ J. Chapman, *The Cotton and Commerce of India Considered in Relation to the Interests of Great Britain* (London: John Chapman, 1851), p. 2

⁴⁷ Although the demand for American cotton was growing constantly, there were no fewer than seven individual years in the two decades before the civil war when America's total cotton exports were 10 per cent or more lower than in the previous year (J. Pender & Co., *Statistics of Trade* [Manchester: A. Ireland & Co., 1869], Table 1).

⁴⁸ Farnie, *English Cotton*, pp. 44, 87; Ellison, *Cotton Trade*, p. 53

The trade was aware of the danger of over-dependence on a single source of supply and, moreover, on one that was constructed on the basis of slave labour. For a variety of reasons, no effective measures were taken to spread the risk. The emphasis is on the word 'effective': there was no shortage of measures. The reasons for their failure will be discussed in Chapter 2. The result was that, when the war started, America was still supplying most of Britain's raw cotton, and Britain's largest industry was wholly vulnerable to the calamity about to befall it. Table 1.1 shows the level of imports in the years before the war. Imports were growing: somewhat unevenly, but that was the consequence of variable harvests. The American share of those imports averaged 80 per cent in the three years before the war. They were to average 8.2 per cent of a much smaller total in the period from August 1861 to August 1865.⁴⁹

Table 1.1

BRITISH RAW COTTON IMPORTS, 1853-60 (⁰⁰⁰ lbs)			
	All imports	American	%
1853	902,300	664,100	74%
1854	886,600	722,500	81%
1855	901,100	689,000	76%
1856	1,021,100	779,300	76%
1857	976,100	660,800	68%
1858	1,025,500	826,200	81%
1859	1,190,800	934,400	78%
1860	1,435,800	1,152,800	80%

Sources: GH, JP

The story of this calamity is the subject matter of the thesis. It has two objectives. The first is to establish the factual record of Britain's raw cotton supply during the civil war: how much there was of it, in absolute terms and in relation to the demand, where it came from, how much it cost, and what effect the reduced

⁴⁹ Donnell, *Chronological*, pp. 508-509, 518-519, 525-525, 528-529

supply had on Britain's cotton manufacture. The emphasis of the study is on raw cotton, and on Liverpool, because they are the most neglected fields of research; however, the narrative also needs to involve the manufacturers, especially the spinners. The second objective is to use those few years, 1861 to 1865, to illustrate truths about the British raw cotton trade that have seldom been commented upon, and never in detail. Any period of intense pressure reveals cracks in what, in gentler times, may look like a smooth and impermeable facade. Historians have tended to write about 'the cotton trade' as if it was a single industry, its constituent parts performing different functions, but working harmoniously towards a common end. This was not the case at any time, and especially not during the civil war. Those who earned their living from raw cotton had interests diametrically opposed to those who earned it from spun cotton. One important feature of this study is to disaggregate the attitudes and interests of the component parts of the trade.

It would be normal at this stage to offer a review of the historical literature on the subject, but this is sorely lacking. As far as is known, there has been no full-length study of Britain's cotton trade during the American Civil War, and only the cotton broker and historian Thomas Ellison has made a full-length study of the raw cotton trade in Liverpool. Both omissions are startling. Studies of the British cotton industry over an extended period of time may have focused lightly on the civil war years because they were anomalous. If one is trying to draw conclusions on the origins, development and eventual eclipse of that industry, the war period offers few insights because it was an aberration. However, anomalies and aberrations can be instructive in their own right. In the case of Liverpool, the port falls between two stools. Historians have tended to regard the British cotton trade as starting with the spinning process, and to regard the story of raw cotton as ending when it left the ports of the producing countries. Liverpool fits into neither history. The port was simultaneously the final link in the producing chain and the first link in the manufacturing chain: the moment a buying broker bought cotton from a selling broker was the moment of the shift from one chain to the other. But Liverpool's crucial role as the link between the two chains has remained largely unexamined. A 1996 anthology of writings on the Lancashire cotton industry contains no section on Liverpool.⁵⁰ Neither do two American works that describe the transatlantic

⁵⁰ M. Rose (ed.), *The Lancashire Cotton Industry: A History since 1700* (Preston: Lancashire County Books, 1996)

marketing of the American cotton crop.⁵¹ In the absence of substantial subsequent studies, the historian is thrown back constantly upon Ellison's work of 1886.⁵²

The person who has done most to fill the gaps of knowledge concerning the Liverpool cotton market is Nigel Hall.⁵³ His research provides a backdrop to much of the analysis presented in this thesis and makes use of most of the surviving primary sources. The intention here is to build upon his research by using some fresh primary sources and by considering in detail aspects of the Liverpool market that he has not examined. Other literature is not entirely absent. Farnie devoted a chapter of his book on English cotton in the nineteenth century to the civil war period.⁵⁴ There is a plethora of secondary sources on discrete aspects of the war as it affected Britain – alternative sources of supply; the Lancashire cotton famine; public opinion; political and diplomatic manoeuvres. These various contributions focus in detail on entirely disparate aspects of the overall subject, so that to discuss them collectively at this stage seems premature. Instead, they are considered and reviewed within the individual chapters that deal with each topic.

Beyond these studies, aspects of the raw cotton trade during the civil war, as well as the role of Liverpool, have been mentioned in countless works. However, because neither topic has been central to the focus of the book or article in question, the writers concerned have almost never conducted original research into them, but have relied on ancient judgments, handed down from one generation of historians to the next like family heirlooms. Constant, unexamined repetition has bolstered the authority of the original judgment. The consequence of this neglect has been a distortion of history in two key areas: the assertion that a pre-war over-

⁵¹ N. Buck, *The Development of the Organisation of Anglo-American Trade 1800-1850* (New Haven, CT: Yale University Press, 1925); H. Woodman, *King Cotton and his Retainers* (Washington D.C.: Beard Books, 2000)

⁵² Ellison, *Cotton Trade*

⁵³ N. Hall, 'The Cotton Brokers and the Development of the Liverpool Cotton Market c1800 to 1914' (unpublished D.Phil. thesis, University of Oxford, 1999); N. Hall, 'The Business Interests of Liverpool's Cotton Brokers, c. 1800-1914', *Northern History*, 41.2 (September 2004), pp. 339-355; N. Hall, 'The Emergence of the Liverpool Raw Cotton Market, 1800-1850', *Northern History*, 38.1 (March 2001), pp. 65-81; N. Hall, 'The Governance of the Liverpool Raw Cotton Market, c. 1840-1914', *Northern History*, 53.1 (March 2016), pp. 98-115; N. Hall, 'Liverpool's Cotton Importers', *Northern History*, 54.1 (March 2017), pp. 79-93; N. Hall, 'The Liverpool Cotton Market and Cotton Re-exports, c. 1815-1914', *Northern History*, 43.2 (September 2006), pp. 257-271; N. Hall, 'The Liverpool Cotton Market and the American Civil War', *Northern History*, 34.1 (March 1998), pp. 149-169

⁵⁴ Farnie, *English Cotton*, pp. 135-170

production of cotton goods was the principal cause of the cotton famine, and the allegation that Liverpool was an uncritical cheerleader for the Confederacy. The detailed research presented in this thesis will show that the first assertion is untrue and the second greatly exaggerated.

The historical consensus on Britain's supply of raw cotton during the war is not to be trusted. It can be summarised in three contentions. The first is that the Lancashire cotton famine was caused by over-production in the pre-war period. James McPherson, in his Pulitzer Prize-winning account of the American Civil War, declared that "although the mills went on short time during the winter of 1861-62, the real reason for this was not the shortage of cotton but the satiated market for cloth."⁵⁵ The second contention is that the shortage of raw material was overcome by the industry finding other sources of supply. Howard Jones claimed that "cotton continued to flow into England ... from expanded purchases in Brazil, China, Egypt, and India."⁵⁶ The third contention is that, by the time the war had ended and before the American supply had resumed, the trade had returned to normal. At the end of 1864, the cotton broker Maurice Williams reflected that "we shall, ere very long, be receiving more Cotton than we require."⁵⁷ Walker Hanlon has concluded that "the [British] cotton textile industry rebounded quickly, attaining its original growth path by roughly 1866-67, only a year or two after the end of the war."⁵⁸

In challenging each part of this consensus, it will be helpful to be more precise in defining what is meant by 'the cotton famine'. There were in fact two famines, which historians have conflated into one. The first was the starvation of work, income and stomachs for those employed in cotton manufacturing. The second was the starvation of raw material for the entire industry. The extent to which the two starvations were related forms the substance of two future chapters, but they were not the same thing. In this thesis, the phrase 'the cotton famine' will be used to refer only to the first circumstance. The starvation of the raw material will be referred to as 'the cotton scarcity'.

⁵⁵ J. McPherson, *Battle Cry of Freedom* (London: Penguin Books, 1990), pp. 385-386

⁵⁶ H. Jones, *Blue and Gray Diplomacy* (Chapel Hill, NC: University of North Carolina Press, 2010), p. 208

⁵⁷ M. Williams, *Seven Years' History of the Cotton Trade of Europe* (Liverpool: William Potter, 1868), 1864, p. 79

⁵⁸ W. Hanlon, *Industry Connections and the Geographic Location of Economic Activity* (2012), <<http://ssrn.com/abstract=2143419>> [accessed 28 March 2014]

This reappraisal of the British cotton market during the civil war, and of Liverpool's role within it, is dependent on a number of primary sources. The description of the search for alternative sources of supply relies on the minutes and annual reports of the Cotton Supply Association (CSA), as well as on Isaac Watts's published history of the CSA.⁵⁹ The statistics on the raw cotton supply, crucial to an understanding of the over-production issue, are based on the weekly reports of the [Liverpool] Cotton Brokers' Association ([L]CBA) as summarised in the annual circulars of George Holt, and with additional detail from John Pender and Ellison, together with the weekly data (from the same original source) reproduced by Ezekiel Donnell.⁶⁰ In view of the paramount importance of these statistics, Appendix I gives more detail on the sources and on the precise methodology used in interpreting them. The study of the cotton brokers and, in particular, the vicious dispute between the LCBA and the Cotton Spinners' Association, is based primarily on what survives of the LCBA membership lists and minute books, the latter covering the period from April 1864 to August 1870.⁶¹ Earlier minute books are sadly missing. The investigation into who received cotton shipments at Liverpool during the civil war, and the role of speculators and of the cotton brokers, is founded on an examination of the B Lists of the Bills of Entry for the port of Liverpool, a source not previously used by historians.⁶² The contemporary understanding, constantly evolving as the civil war progressed, of the effect of the war on present and future raw cotton supplies is based largely on the end-of-year circulars of the Liverpool cotton brokers, many of which, to judge from their uncut state, have not been read, and on the more numerous circulars of Neill Brothers & Co., never previously examined by historians.⁶³ More needs to be said about both sources.

⁵⁹ Cotton Supply Association (CSA), Annual Reports, John Rylands Library, Archive of the Oldham Textile Employers' Association (JRL, OTEA), GB 133 OLD/6/17/1-11; I. Watts, *The Cotton Supply Association: Its Origin and Progress* (Manchester: Tubbs & Brook, 1871)

⁶⁰ George Holt & Co., annual CC for 1866, LRO, 380 COT/1/11/71; Pender, *Statistics*, Ellison & Haywood, annual CCs for 1865 and 1866, LRO, 380 COT/1/11/70-7; Donnell, *Chronological*

⁶¹ LRO, 380 COT/1/2/2

⁶² Custom Bills of Entry, Liverpool B Bills, Merseyside Maritime Museum, C/BE/Liverpool

⁶³ LRO, 380 COT/1/11/62, /64 and /66-71; the reports of the Neill Brothers' circulars have been taken from a variety of newspapers, referenced individually (from the British Newspaper Archive, <<https://www.britishnewspaperarchive.co.uk/>>).

Not all cotton brokers chose to offer personal comments on the market in their circulars. However, many wrote lengthy and articulate pieces, at varying intervals, but always at the end of each year. The only ones that appear to have survived are some of the end-of-year circulars. These commentaries are of great value for the insights offered, and especially those of Samuel Smith, which are quoted extensively in this thesis. Ellison remarked that Smith's circulars "gained for their author a great reputation in all the cotton markets of the world".⁶⁴ Smith was born in Scotland in 1836 and came to Liverpool at the age of 18, apprenticed as a cotton broker. He was still a young man when he started his own cotton brokerage, Smith, Edwards & Co., in January 1864 and when, three months later, he became head of the Liverpool branch of the merchants James Finlay & Co. of Glasgow and Bombay. He later added cotton spinning and weaving to his activities through the purchase of Millbrook Mills, Stalybridge.⁶⁵ In the winter of 1862-63 he visited India on behalf of the Manchester Chamber of Commerce to evaluate the prospect of increased supplies.⁶⁶ His report, which is quoted in detail in Chapter 2, must have come like a cold bath to Manchester, as Smith demolished each and every cherished delusion of the CSA.⁶⁷

The Neill brothers, William and Henry, were born in Belfast in 1824 and 1828 respectively. Henry emigrated to America in 1847, where he was joined by his older brother in 1854, styling themselves as 'Messrs. Neill Brothers and Co., Cotton Merchants of New Orleans, Mobile, and New York'.⁶⁸ Henry was the cotton expert, based in the South, and William the commercial expert, based in New York.⁶⁹ The value of their circulars comes in several parts. They were Irishmen based in America, although in Britain for most of the war, with a good understanding both of

⁶⁴ Ellison, *Cotton Trade*, p. 211

⁶⁵ G. Norgate, 'Smith, Samuel (1836–1906)', rev. H. Matthew, in *ODNB* <<http://www.oxforddnb.com/view/article/36157>> [accessed 8 December 2014]; *Mansions of Wallasey*, <<http://www.historyofwallasey.co.uk>> [accessed 20 March 2015]; B. Orchard, *Liverpool's Legion of Honour* (Birkenhead: self-published, 1893), pp. 638-644

⁶⁶ Norgate, *ODNB*, 'Smith'

⁶⁷ S. Smith, *The Cotton Trade of India* (London: Effingham Wilson, 1863)

⁶⁸ J. Mann, *The Cotton Trade of Great Britain: Its Rise, Progress, & Present Extent* (London: Simpkin, Marshall, & Co., 1860), p. 53

⁶⁹ J. Powell, *The Neills & the American Civil War*, <<https://jimpowellblog.files.wordpress.com/2016/02/genealogy-neills-the-american-civil-war-131011.pdf>> [accessed 8 October 2017]

the cotton trade and of political realities and emotions on both sides of the Atlantic. They issued one of the few regular circulars on the cotton trade which was not written by a broker and which did not emanate from Liverpool. Their father, a Belfast jeweller, was a fervent abolitionist: William Lloyd Garrison, Henry C. Wright and Frederick Douglass had all been his guests, and his sons found that this gave them an *entrée* to the abolitionist elite of New York and Boston.⁷⁰ By the middle of the war, Henry Neill – having lost his first wife and then remarried – had acquired two American fathers-in-law: Daniel C. Lowber, a Confederate spy for Jefferson Davis, and Alexander Schultz, a close associate of William Seward and his courier on several wartime missions to Britain. The brothers therefore had family links to both camps and were politically well connected in New York and New Orleans.⁷¹ Their circulars received extensive press coverage: in the four years of the war, the Neills accounted for nearly half of all British press mentions of cotton circulars, and were often quoted at considerable length.⁷²

The Neills, Samuel Smith and several other commentators weave their way in and out of this thesis. Appendix 4 details what happened to some of them after the war. But, however useful they are as sources, they collectively leave gaps in what one would ideally like to know, particularly in relation to sympathies in Liverpool during the war, the issue of speculation in raw cotton and the role of the cotton brokers. Where possible, these gaps have been plugged by a series of other primary sources, many of them anecdotal. While these sources are by nature subjective, the collective impression they give is often persuasive. The most valuable and frequently used of such sources is the *Liverpool Mercury*, the newspaper with much the largest circulation in the town at the time.⁷³ Every issue of that paper from January 1860 to December 1865 has been studied.

This review of primary sources leaves the two most contentious figures till last: Arthur Arnold and Thomas Ellison, who between them have been responsible

⁷⁰ C. Brace, *The Life of Charles Loring Brace, Chiefly Told in His Own Letters* (edited and with commentary by his daughter Emma Brace) (New York: Scribner, 1894), p. 90

⁷¹ *The War of the Rebellion: A Compilation of the Official Records of the Union and Confederate Armies*, Series 2, Volumes 2 and 4 (Lowber) and Series 1, Volume 1 (Schultz) <<https://catalog.hathitrust.org/Record/004388999>> [accessed 22 November 2017]. For more detail see Powell, 'Neills'.

⁷² BNA

⁷³ BNA; T. Ellison, *Gleanings and Reminiscences* (Liverpool: Henry Young & Sons, 1905), pp. 309-314

for most of the subsequent misunderstandings. Two contemporary, full-length histories of the cotton famine were written, the first by Arnold, the second by John Watts.⁷⁴ Arnold was a versatile man: surveyor, land agent, journalist, sensational novelist and later MP for Salford. What he was not was an historian or an economist. He had received no formal education and wrote *The Cotton Famine*, at breakneck speed, when he was thirty-one.⁷⁵ He had first-hand experience of the famine, but none of the cotton trade, or of any trade. Watts, on the other hand, was a trained political economist and a member of the Central Relief Committee during the famine.⁷⁶ What he thought of Arnold's book can be gauged by this barbed remark in his preface, justifying a second account: "a hurried compilation, got up to hit the humour of the passing hour, could not possibly meet the want."⁷⁷ Yet despite this, or possibly because of it, Arnold's history of the famine is the one that is remembered and relied upon. According to Farnie, the resentment against Arnold's book in Manchester forced its author to withdraw his dedication to the Central Relief Committee in the second edition, while Watts "deliberately gave his own history the polemical title of *The Facts of the Cotton Famine* in order to rebuke Arnold and to vindicate the political economy of free trade".⁷⁸ However, Farnie was hostile to the free traders himself, which may have persuaded him to prefer Arnold's version of events. As will be seen, it is Arnold's book, with a helping hand from Ellison, that is almost single-handedly responsible for the historical longevity of the over-production fallacy.

Ellison's shortcomings as a reliable source have more to do with sins of omission. His standard work, *The Cotton Trade of Great Britain*, is in fact two works. The first part is a history of the British cotton trade in general, which is full, informative and above reproach, as are the tables in the appendices that, like this thesis, rely mainly on Holt's statistics. The second part is a history of cotton broking

⁷⁴ R. Arnold, *The History of the Cotton Famine, from the Fall of Sumter to the Passing of the Public Works Act* (London: Saunders, Otley, & Co., 1864); J. Watts, *The Facts of the Cotton Famine* (London: Simpkin, Marshall, & Co., 1866)

⁷⁵ G. Woods, 'Arnold, Sir (Robert) Arthur (1833–1902)', rev. J. Spain, in *ODNB* <<http://www.oxforddnb.com/view/article/30454>> [accessed 21 Nov 2014]

⁷⁶ M. Hewitt, 'Watts, John (1818–1887)', in *ODNB* <<http://www.oxforddnb.com/view/article/28890>> [accessed 20 April 2015]

⁷⁷ J. Watts, *Facts*, p. iii

⁷⁸ Farnie, *English Cotton*, p. 169

in Liverpool from its beginnings in the late eighteenth century to the time of the LCBA's amalgamation into the Cotton Association in 1882.⁷⁹ Again, there is little wrong with what Ellison says, and much of the detail he has supplied on cotton brokerages has been used extensively in Chapter 8. The problem lies in what he does not say. Developments on the Liverpool market are reported passively. Scarcely a name is mentioned in these sections. Events just happen; they do not appear to arise through human agency. Anything that might reflect badly on broking as a profession, anything that might hint at conflict between Liverpool and Manchester, anything that might lift the lid on the orgy of speculation in the Liverpool cotton market is excluded from his account altogether. This is perhaps why Ellison made barely a mention of the American Civil War. It had ended only 20 years earlier, with consequences that all must concede were devastating to the industry, yet amnesia appears to have set in. The Liverpool cotton market during the war was a casino. The more reputable brokers, of whom Ellison himself was one,⁸⁰ failed to prevent their trade from being overrun by spivs and interlopers, many of them members of the LCBA. When Ellison wrote his history, he was still a broker and still a member of what had been the LCBA and was now the Cotton Association, as no doubt were many of those whose conduct during the war he abhorred. This may reasonably explain his reticence.⁸¹ His subsequent autobiography lets the mask slip a little, but only by a few millimetres.⁸²

In attempting to judge the true nature of the Liverpool raw cotton market and the role of the cotton brokers within it, specifically during the civil war but at other times as well, the procedure adopted here has been to take Ellison's descriptions at face value and then test them against a welter of other information, some anecdotal and some inferred from other primary sources. Since the operation of the Liverpool brokerage system is of crucial importance to this thesis, and especially to Chapters 7 and 8, it will be useful to summarise at the outset how the system was intended to work, and how Ellison alleges that it did work.

⁷⁹ The Liverpool Cotton Association was a successor body to the LCBA from 1882. It is referred to as the 'Cotton Association' throughout the text.

⁸⁰ D. Farnie, 'Ellison, Thomas (1833–1904)', in *ODNB*
 <<http://www.oxforddnb.com/view/article/58116>> [accessed 22 December 2017]

⁸¹ Hall, 'Governance', p. 105

⁸² Ellison, *Gleanings*

Raw cotton was shipped into Britain, 94 per cent of it into Liverpool, by importing merchants.⁸³ The merchants hired cotton brokers, referred to as 'selling brokers', to sell the cotton exclusively on their behalf, at a fixed commission rate of 0.5 per cent. The cotton was sold by the selling brokers to the 'buying brokers', appointed by spinners to buy exclusively on their behalf, also at a fixed commission rate of 0.5 per cent. All the cotton that came into the country passed through the hands of these two sets of Liverpool brokers and all that cotton attracted a compulsory charge of 1 per cent by value.⁸⁴ The rate of commission may not sound large, but the value of cotton imports became increasingly vast, and the number of brokers was comparatively few. Even in lean times, they were rich men.

The fundamental truth about the buying and selling of raw cotton was that, with any consignment, there was a finite buying price that someone, usually in a producing country, was contractually due and a finite selling price that the end user, the spinner, would eventually pay. The difference between the two prices was the profit on the consignment, and the battle concerned how big that profit should be and who should receive what share of it. Although the cotton market, whether in its raw or manufactured state, was enormous, the margins were not, or not always, and they fluctuated greatly. Even allowing for special pleading by different interest groups, it seems that it was hard for both importers and manufacturers to be simultaneously satisfied with their profits. Before the war, it was the importers who were struggling to make money from cotton, not the spinners.⁸⁵ And not the cotton brokers, of course: they seldom struggled to make money.

There were four principal competitors for a share of the spoils: the importing merchants, the selling brokers who represented them, the spinners, and the buying brokers who represented them. In addition – at all times, but especially during the civil war – there was a fifth group: the speculators. Self-evidently, the importing merchants wanted a high selling price for their cotton, and the spinners a low buying price. There is no evidence of friction between these two groups. There should have been no friction between either of these groups and the brokers, since the latter in

⁸³ George Holt & Co., annual CC for 1860, LRO, 380 COT/1/11/64. The remaining 6 per cent was mostly traded on the Liverpool market.

⁸⁴ Ellison, *Cotton Trade*, p. 175

⁸⁵ Samuel Smith, annual CC for 1860, LRO, 380 COT/1/11/64

theory earned their income from a fixed percentage of each contract. However, in practice there was huge friction: not – until after the war⁸⁶ – between the importing merchants and the brokers, but between the brokers and the spinners.

Three of the five groups, the merchants and both sets of brokers, were based in Liverpool and had a vested interest in high prices. The spinners were based around Manchester and had a vested interest in low prices. Speculators could be based anywhere, although their trade was conducted through Liverpool. They mostly had a vested interest in rising prices, unless they were trying to bear the market, when their interest became falling prices. In the decades before the civil war, as the relative balance between supply and demand see-sawed, there appears to have been a rough equilibrium between Liverpool and Manchester, placing the relative strengths of seller and buyer on something close to a par over time.⁸⁷ But Liverpool was never Manchester's "closest ally", as has been claimed.⁸⁸ There was a permanent, if not a permanently visible, conflict of interest between the two.⁸⁹ When times were good, the hostility simmered beneath the surface. When they were bad, it erupted. Never were times worse, never was there a greater dichotomy between the fortunes of Liverpool and the rest of Lancashire, than during the civil war. At least until prices tumbled for the first time in September 1864, holders of cotton held the whip hand.⁹⁰ Manchester had no alternative but to pay what was demanded.

Not that anyone would know that from reading Ellison. Instead, he presented a sanitised account of how the system worked:⁹¹

The business of the cotton market was conducted on the lines of an unwritten, but popularly accepted, code, which clearly defined the functions, and plainly set forth the rights and duties, of both merchants and selling brokers on the one hand, and of spinners and buying brokers on the other. The merchant sold his cotton through a selling broker: the spinner purchased it through a buying

⁸⁶ Ellison, *Cotton Trade*, pp. 274-280

⁸⁷ Donnell, *Chronological*, pp. 376-501

⁸⁸ D. Olusoga, *Black and British: A Forgotten History* (London: Pan Macmillan, 2016), p. 345

⁸⁹ Farnie referred to "the ever-present clash of interests" between the two (Farnie, 'Cotton, 1850-1896', p. 458); Samuel Smith acknowledged that "there was commercial jealousy between these two cities" (S. Smith, *My Life-Work* [London: Hodder & Stoughton, 1902], p. 156).

⁹⁰ Donnell, *Chronological*, pp. 508-509, 518-519, 524-525, 528-529

⁹¹ Ellison, *Gleanings*, p. 243-244

broker. There were brokers who both bought and sold, but they were an exception to the rule, and comparatively few in number. No merchant thought of selling his imports except through the intervention of a selling broker, and no broker attempted to import cotton in competition with the merchant.

Ellison did not explain how an ‘unwritten code’ could ‘clearly define’ anything. He went on to say that “this happy-family condition of things ... was not seriously jeopardised until the laying-down of the [transatlantic] cable.”⁹² It is pertinent to ask which laying-down of the cable he was referring to: the abortive attempt of 1858 or the successful attempt of 1866. These two attempts neatly sandwiched the civil war, meaning that all news of the war took about a fortnight to reach Britain. In his memoirs, Ellison alluded to “the gigantic speculative transactions developed by the occurrences incidental to the American War”.⁹³ This may suggest that he was referring to the 1858 attempt, but the context makes it clear that he was not. The statements above stand on their own: they are not amplified. In other sections, Ellison frequently refers to the respect held for individual brokers, but with anything that is negative, anything that is to do with the period of the civil war, he operates a strict code of *omertà*. Fortunately, enough other evidence exists to fill in most of the missing colours in Ellison’s portrait. A better text for the period was provided by the Liverpool satirical paper, the *Porcupine*: “during the war, Liverpool literally festered and rotted with false trade. Huge commercial imposthumes and bails sprang up and ripened into horrible rankness, which never could have existed but for the uncertain condition and suddenly varying humours of the public mind.”⁹⁴

* * * *

The description up to this point has provided a context for the state of the British cotton trade at the outbreak of the civil war. There now follows a description of the thesis and of the subjects discussed in the individual chapters. Unless unreferenced elsewhere, neither evidence nor references will be provided in this section: both may be found within the individual chapters where the arguments are

⁹² Ellison, *Gleanings*, p. 244

⁹³ *Ibid.*, p. 294

⁹⁴ *Porcupine*, 29 July 1865

developed. Throughout, some shorthand references are used. In the traditional terminology of cotton, there were two branches of the manufacturing trade, the spinners and the weavers, but only the latter were referred to as ‘manufacturers’. Here, the word is used to encompass both: if the reference is to only one of the branches, ‘spinners’ or ‘weavers’ is used. Where the word ‘consumers’ appears in the text or in quotations, it refers to spinners. ‘Manchester’ is used collectively to describe the manufacturing arm of the trade, just as ‘Liverpool’ is used to describe its raw material arm. In practice, by the time of the civil war, there was little manufacturing in Manchester. That now took place in the nearby cotton towns of Lancashire and Cheshire, while Manchester became a city of merchants and warehouses. It nevertheless remained the acknowledged centre of the manufacturing trade. Finally, in converting sterling values to their modern day equivalents, a multiple of one hundred has been used. This is sufficiently accurate for the purpose, and a great deal clearer.⁹⁵

Chapters 2 and 3 give context for an examination of the two main issues of the thesis. Chapters 4 and 5 quantify the cotton supply and evaluate the over-production claim. Chapters 6, 7 and 8 describe events in Liverpool during the war.

Chapter 2 examines what was done to reduce the dependence on American cotton before the war, and to replace the supply lost during the war. It is rash to use the word ‘impossible’, but the conclusion will be that, for all practical purposes, both these tasks were indeed impossible. The reliance on American cotton was not an historical accident. It was a reflection of the fact that – although cotton could be grown in many parts of the world – only in America did all the factors come together that made it both commercially viable and available to Britain in high volume, a situation made possible both by slavery and by Whitney’s cotton gin. Without minimising the increase in cotton received from India during the war, it did not and could not replace the volume lost from America, and the augmented supply was entirely the result of an inflated price. The belief that India could replace America was the brainchild equally of naivety and desperation.

The raw cotton market during the four years of the war can be divided into three distinct phases, and this is the subject of Chapter 3. The first phase ran from Abraham Lincoln’s election in November 1860 to the end of June 1862. It was

⁹⁵ Sources differ. Three typical online sources give multipliers of 118 (<http://www.in2013dollars.com>), 116 (<http://inflation.iamkate.com/>) and 85 (<https://www.moneysorter.co.uk>).

characterised by a complacency in the trade, which failed to appreciate the likelihood of a cotton scarcity. This is contextualised by looking at the Confederacy's 'King Cotton' strategy and its failure, and by examining attitudes in Britain towards the civil war and the policy of Palmerston's Government.⁹⁶ The price of raw cotton rose steadily through this period but, from July 1862, when the full scale of the impending catastrophe was belatedly recognised, it soared. This marked the start of the second phase, which lasted until the end of August 1864. In this phase, speculation – always present in the Liverpool market – became endemic. The collapse of prices in September 1864 marked the end of the phase. Thereafter, confusion was widespread and prices oscillated violently, as did speculation. This third phase lasted well beyond the end of the war, at least until 1867, and arguably into the 1870s. The conclusion of this chapter is that, although external factors influenced the market, an equal part was played by greed and by irrational sentiment. The civil war period in Liverpool can be seen as an extended series of bets on how long the war would last.

Chapters 4 and 5 investigate the facts and figures of Britain's cotton imports and usage during the war. There is no lack of contemporary statistics to enable this study; no doubt has ever been cast on their broad accuracy; there is no reason why this analysis should not have been made a long time ago. Instead, conclusions have been drawn from an arbitrary choice of data, justifying Farnie's observation that "no other industry has generated so much punditry upon the basis of so little real evidence" – a charge of which he is guilty himself in the civil war period.⁹⁷ The reality of the British cotton market during the war, as set out in this thesis, contradicts much that has been written about it, and in particular the claim that the Lancashire cotton famine was wholly or mainly the result of pre-war over-production, rather than of a scarcity of cotton. Evidence is provided of a citation chain on this subject of prodigious length and tenacity, resting on the most precarious foundations.

The first, and perhaps the most contentious, conclusion is that there was nothing abnormal about the market in 1859-61. Had the war never taken place, there would have been no allegation of over-production; no assertion of the glutting

⁹⁶ Viscount Palmerston was British Prime Minister from 1855 to 1858 and again from 1859 until his death in 1865.

⁹⁷ Farnie, 'Structure', p. 50

of overseas markets. Stocks of finished goods were indeed high when the war started, but not hugely so, given the growing demand. Some overseas markets may have been overstocked, although not by as much as was claimed, but they were balanced by others with an unfilled demand. There was nothing unusual in varying stock levels of finished goods. Indeed, manufacturers – in trepidation for many years of an interruption to the American supply – had developed the practice of manufacturing what was available when it was available.⁹⁸ If this resulted in periods of high inventories, they were not worried: they trusted in their expanding market to move the stocks, which it always had, and which it would have done again after 1861, but for the war.

It is not enough to disprove the existing explanation for why the shift to short-term working, leading to mass unemployment and the famine, began in October 1861, when there was not yet a cotton scarcity. An alternative explanation needs to be offered. The reason why Farnie was persuaded to swallow Eugene Brady's justification of the over-production argument was that it "explains so much that would otherwise remain inexplicable".⁹⁹ But it is not inexplicable, if the market is considered in a global, not purely a British, context. The international cotton trade needed a pipeline of stocks at every stage. The outbreak of war, followed by the Confederate embargo on cotton exports and then by the Union blockade of the cotton ports, paralysed the world market. The price of raw cotton started to rise. Post-civil war commentators have minimised the immediate increase, but that is perhaps because they knew the scale of what was to follow. The Liverpool price of Middling Orleans in mid-October 1861, when short-time working began, was 58 per cent higher than at the end of February, and higher than at any point since 1836.¹⁰⁰ In an industry where the cost of the raw material was the largest single expense, this was a considerable increase. Spinners carried low stocks of the raw material: the pre-war average is thought to have been a supply of about three weeks.¹⁰¹ Yarn spun from cotton at the new price would be more expensive, and likewise cloth woven from that yarn. Why would anyone in the world pay an increased price

⁹⁸ Farnie, 'Cotton, 1850-1896', p. 387

⁹⁹ Farnie, *English Cotton*, p. 144

¹⁰⁰ Mitchell & Deane, *ABHS*, p. 491; Donnell, *Chronological*, pp. 508-509

¹⁰¹ Farnie, *English Cotton*, p. 143

when they held stocks at the old price? Why would they do it anyway, and why would they do it particularly when the near universal expectation was that the war would be over in two or three months, well before stocks ran out, whereupon American shipments would resume and prices would revert to pre-war levels?

This is an original explanation in terms of all the post-civil war historiography, but it is not new: the Neill brothers made the same point during the war, corroborated by other commentators. The rebuttal of the over-production argument makes it easier to estimate what the course of the British raw cotton market might have been but for the war, and to quantify the cotton lost to Britain as a result. The conclusion reached in Chapter 5 is that, for the three main years of the war, 1862-64, British yarn production was at 36 per cent of the market requirement, and that about 4.5 billion lbs of raw cotton were denied to British manufacturers in the seven years to the end of 1867.

For the remaining chapters, the viewpoint moves to Liverpool. Chapter 6 considers the other unexamined myth of the war years: that Liverpool was overwhelmingly Confederate in its sympathies. This question is studied from the point of view of public and press opinion in the town, and of the attitudes and activities of Liverpool merchants. Much contrarian evidence emerges: the port of Liverpool, despite the halving of its incoming cotton trade, weathered the civil war remarkably well; the trade of the port was more dependent on the Northern States of America than on the Southern; the depredations of the *Florida* and the *Alabama*, warships built on Merseyside for the Confederacy, far from being a source of pride for Liverpool merchants, were for most a threat and an embarrassment. A noisy and partisan support for the Confederacy certainly existed in the port. However, perceptions have been clouded by the romance of blockade-running – which, during the war, accounted for less than 1 per cent of the port of Liverpool's trade – and by the public furore over the building of Confederate warships. This chapter produces detailed and original evidence that Laird Brothers, the Birkenhead firm that built the *Alabama* and the notorious Laird rams, was also approached to build warships for the Union and agreed to do so. The conclusion is that, while the opposite view cannot be maintained either, the idea that Liverpool was overwhelmingly pro-Confederate is unsustainable.

The focus of the thesis now switches to the value of the cotton trade, to the trade in Liverpool, and to who made and lost money out of cotton during the civil war. Chapter 7 begins with a description of how the raw cotton trade was financed, before showing that – despite a drastically reduced volume – the vast rise in price created a raw cotton market that was greater in value than at any time in the nineteenth century and, in terms of the cotton actually traded, possibly the highest ever. The implications of this for the earnings of the cotton brokers are demonstrated, together with the fury in Manchester that Liverpool was enriching itself while the rest of the industry suffered. Two of the key elements of Ellison's etiquette are then considered: that brokers were not usually both buying and selling brokers simultaneously, and that they did not trade cotton on their own account. A wealth of contemporary detail, all of it anecdotal, is produced to suggest that both contentions were false. The chapter produces plentiful evidence of how speculation infested the market during the war, but also how the spinners were implicated in it themselves. It concludes with the conflict that erupted towards the end of the war between the LCBA and the Cotton Spinners' Association, led by the firebrand Hugh Mason.

Chapter 8 provides substance for the mainly anecdotal evidence in Chapter 7. The financial status of cotton brokers in relation to cotton imports is examined in conjunction with bank lending policies of the time. A study of the lists of LCBA members, together with the entries for cotton brokers in *Gore's Directory*, suggests that brokers were not a rarefied species *sui generis*, but an integral and influential part of Liverpool's wider merchant community. In a shadowy world, where it was not known at the time, and will never be known, who owned which consignment of cotton, the conclusion is that the two most powerful factions in Britain's trade in raw cotton were the bankers and the selling brokers – each more powerful than the importing merchants. This is corroborated, in as far as it can be, by a detailed study of the B Lists of the customs entries for the Port of Liverpool. Only a few historians have examined the A Lists, and none is known to have examined the B Lists. They provide a complete inventory of who received every consignment into the port. All cotton consignments for the years 1860 and 1864 have been tabulated – more than 21,000 entries in total – and it is hoped that they will provide the scope for further historical investigation beyond this thesis. For

present purposes, data are produced which show the huge changes wrought by the civil war to cotton shipments, and which prove that 91 per cent of cotton brokers were direct recipients of cotton. This is surely the final blow to the idea that there was a scrupulous division between buying and selling brokers. At least during the civil war, and probably for some time before it, brokers were traders. They were not necessarily successful traders, however. They have sometimes been presented as among the victims of the cotton scarcity, but – to the extent that they were at all – it was largely the consequence of their own greed. Some brokers, tempted by the riches on offer, flew too close to the sun and were burned. The chapter ends with an account of some of the failures.

The conclusion of the thesis (Chapter 9) is that the civil war years were, except for a handful of successful speculators and some brokers, a time of unmitigated catastrophe for Britain's cotton trade. They were also a watershed in the history of that trade. In retrospect, 1861 marked the end of the largely Anglo-centric era in which British cotton goods, using a raw material produced by American slaves, dominated the world market. It marked the beginning of a more diverse global cotton community, with the first commodity futures market evolving out of the unregulated chaos of the war. Britain still dominated the new order, but progressively less so as time went by.

A sceptical reader may wonder, if the evidence presented in this thesis is accepted, how so many historians can have been so mistaken about key aspects of the British cotton market during the war. One reason has already been given: the lack of original research. There are two others. Most sources, both primary and secondary, consistently underplay the role of price. The reports of the CSA seldom allude to price in relation to the efforts to find an alternative source of supply. Arthur Silver managed to write an entire book on the attempt to get more cotton from India without mentioning price.¹⁰² Beckert, in explaining how America rather than India came to supply Britain with most of its cotton, does not emphasise price either. These are not isolated examples: time and again, price is either minimised as a factor or not mentioned at all. Pre-war, the cost of the raw material accounted for about 36 per cent of the selling price of cotton goods: it was much the most

¹⁰² A. Silver, *Manchester Men and Indian Cotton 1847-1872* (Manchester University Press, 1966)

expensive individual item.¹⁰³ The worldwide market for cotton cloth, as reinvented in Britain in the early part of the nineteenth century, had reached maturity by 1860. It was predicated on high volumes and a low, and relatively stable, cost of the raw material. Keeping that cost low was essential. According to Farnie, “the decline in cotton prices made a far larger contribution throughout the whole of the nineteenth century to the reduction in the price of manufactures than either cost-cutting technological innovations or improvements in labour productivity.”¹⁰⁴

The second point flows from the first. When the price of raw cotton first doubled, then trebled, then quadrupled during the civil war, that effectively ended the global market for cotton goods as it had existed before the war. Instead, it created a new, temporary market that lasted until prices once again approached their pre-war level. These two markets cannot, or should not, be spoken of in the same breath, as if they were the same market. Yet, time and again, in both contemporary and subsequent commentaries, they were, as will be evident throughout this thesis. From the standpoint of 1862, too many goods had indeed been produced in 1860. From the standpoint of 1860, they had not. One market was being judged by the standards of a completely different one.

‘Price was paramount’; ‘there were two markets’ – these mantras need to be repeated at every stage of the argument. It was ludicrous, for example, to discuss the question of an alternative to America for the volume supply of cotton without considering the landed cost of that alternative in Liverpool. Yet, as will be seen in Chapter 2, that is precisely how it *was* discussed.

¹⁰³ Ellison & Haywood, annual CC for 1866, LRO, 380 COT/1/11/71

¹⁰⁴ Farnie, *English Cotton*, p. 83

2

THE SATURDAY AFTERNOON SYNDROME

Why nothing was able to replace American cotton

“Saturday afternoon,” wrote W. S. Gilbert to a London newspaper, complaining about the Metropolitan Railway, “although occurring at regular and well-foreseen intervals, always takes this railway by surprise.”¹ Much the same could be said of the cotton trade and its shortage of raw material. The civil war was far from its only crisis. The Anglo-American War of 1812-15 had been a dress rehearsal for what was to happen fifty years later: imports slumped; prices soared; there was distress in the manufacturing districts.² The intervals between crises were not regular, and the precise timing and nature of the next one could not be forecast, but the fact there would be a next one, and probably quite soon, was foreseeable. And, in fact, foreseen – just not effectively acted upon. No other aspect of the cotton trade absorbed so much time and energy, to so little effect, as the attempt to find at least one major alternative to America as a supplier of raw cotton. Most of that effort was conducted under the auspices of the Cotton Supply Association (CSA). To succeed in its objective, CSA members needed first to convince themselves that it was attainable. Only then would they stand some chance of convincing others and persuading them to contribute money to the cause. Soon, like the Red Queen in *Alice Through the Looking Glass*, they learned to believe six impossible things before breakfast.

The search for at least one other substantial source of cotton predated the civil war by decades. Its starting point was the danger of such a large industry depending on a single source of supply.³ That reliance was all the more perilous when the supply was subject not only – as with all crops – to unpredictable harvests, but to a dependence on slave labour.⁴ The scale of the problem is shown

¹ L. Bailey, *The Gilbert & Sullivan Book* (London: Spring Books, 1966), p. 393

² Ellison, *Cotton Trade*, p. 53; Schoen, *Fragile Fabric*, pp. 75, 80, 97; Redford, *Manchester Merchants*, Vol. I, p. 74

³ I. Watts, *CSA*, pp. 10-11.

⁴ R. Huzzey, *Freedom Burning: Anti-Slavery and Empire in Victorian Britain* (Ithaca, NY: Cornell University Press, 2012), pp. 128-129

by the fact that, in 1860, America grew 66 per cent of the world's cotton and more than 75 per cent of all cotton entering world trade.⁵ It produced it at a landed price in Liverpool that other countries could not undercut, and that gave them no incentive to expand cotton cultivation. The dominance of American cotton meant that it set the price for the world market.⁶ When there was a short American crop and prices rose, that was of little avail. It would take several years for any country substantially to increase its production; one year of artificially high prices was not a sufficient temptation to begin the process.⁷ Capitalists could see no profit from investing in plantations in some as yet untested country and, *pace* Beckert, government intervention on the scale required to make a difference was out of the question in the mid-nineteenth century. For these general reasons, no significant progress had been made in replacing American cotton before the civil war.

When the war started, the nub of the problem was this. It had proved impossible to find a long-term solution to the supply problem without a short-term crisis. When the short-term crisis arrived, there was insufficient time to find a long-term solution. Because the world knew it was a short-term crisis, and that any gain that might accrue to other suppliers was likely to be fleeting, it was not possible to find much of a short-term solution either. The CSA had hoped to circumvent this vicious circle by asserting that "if the supply is to wait for the demand, the latter may have ceased to exist by the time the former has been created."⁸ Others took the view that, if the supply was created before the demand was known to exist, it might turn out not to exist. In this instance, the demand did exist, but only during the cotton scarcity and not before or after it.

The search for an alternative supply focused on India: the cradle of cotton, a British possession, and assumed to be the natural answer to the problem.⁹ India was the second largest cotton-producing country, but produced less than 30 per cent of the volume of the United States, much of it retained for domestic consumption.¹⁰

⁵ Farnie, *English Cotton*, p. 138

⁶ *Ibid.*, p. 15

⁷ *Ibid.*, p. 16

⁸ CSA Annual Reports, JRL, OTEA, 1860, p. 36

⁹ Anon. (attributed to A. Shaw), 'The Cotton Crisis; and How to Avert it', *British Quarterly Review*, 52 (October 1857), pp. 416-418; P. Harnetty, *Imperialism and Free Trade: Lancashire and India in the mid-Nineteenth Century* (Manchester University Press, 1972), pp. 82-122

¹⁰ Farnie, *English Cotton*, p. 151; Smith, *Trade of India*, pp. 4-7

Two secondary sources describe how Manchester tried to pressurise the East India Company (EIC), the British Government and – from 1858, after the dissolution of the EIC – the Government of India into enabling an increase in cotton supplies from India, especially during the civil war.¹¹ Together, they present a different picture to the one that Beckert has painted. Far from ‘cotton capitalists’ working hand in glove with government to enforce Manchester’s will, the Government frustrated Manchester’s demands at almost every turn.¹² Substantial extra supplies did come from India during the war, but that was due to price. The same can be said of extra imports from other sources, notably Egypt, where increased cotton cultivation has been described in another valuable source.¹³

This chapter will draw together the narratives from these secondary sources and those from the main primary sources: the archives of the CSA, Isaac Watts’s history of the CSA and Samuel Smith’s 1863 report to the Manchester Chamber of Commerce on the prospects for receiving more cotton from India.¹⁴ Although these sources have been referenced in other works, they have not been considered in detail, nor used to give a coherent overview of the issues. Together, they present a portrait that is heroic, comical and hypocritical in turn. They explain fully why the outbreak of war found the British cotton trade helpless, and why its continuation left it without anything like the volume of cotton it needed. But first it is necessary to examine the British dependence on American slavery.

For cotton, the slave trade was not so much a triangular trade as a circular one.¹⁵ Cotton cloth – both British and Indian – was sent to Africa to pay for the slaves that were transported to America, that grew the cotton that was shipped to Britain to make the cloth that was sold to Africa. According to William Phalen, “by the 1820s, slavery ... was firmly linked with cotton, and it expanded only to those areas in which cotton could be grown.”¹⁶ By 1850, about 70 per cent of the American slave population was involved in growing cotton. “Never before,” wrote

¹¹ Silver, *Manchester Men*; Harnetty, *Imperialism*

¹² In addition to Silver and Harnetty, see also J. Watts, *Facts*, pp. 420-436

¹³ E. Earle, ‘Egyptian Cotton and the American Civil War’, *Political Science Quarterly*, 41.4 (December 1926), pp. 520-545

¹⁴ CSA Annual Reports, JRL, OTEA; I. Watts, *CSA*; Smith, *Trade of India*

¹⁵ Riello, *Cotton: The Fabric*, p. 141

¹⁶ Phalen, *Consequences*, p. 64

Henry Ashworth, a major mill-owner and later President of the Manchester Chamber of Commerce, “has so large and perilous a dependence been found to rest upon so small a portion of the human race, or upon a people so lightly esteemed as the negroes usually are.”¹⁷ According to one cotton broker, slavery was “an Institution which had served as much to foster the production of Cotton in the States, as in most other Countries it had served to discourage it”.¹⁸

The British cotton trade, while professing itself outraged by slavery, was more than content to profit from it. There was a cognitive dissonance amongst the cotton manufacturers and merchants. As the CSA minutes make clear, men such as Henry Ashworth and Thomas Bazley were fervent abolitionists, yet they had earned a collective fortune on the back of slave labour. “The intimate connexion between the growth of our cotton manufacture and the extension of slavery in the United States, is not a very pleasant subject for contemplation,” declared one commentator.¹⁹ The threat posed by this connection had at least as much to do with the economic as with the political future of slavery. The number of slaves, and hence the size of America’s cotton crop, was growing more slowly than the British demand for cotton.²⁰ The British cotton trade thus found itself in the position of wanting no slaves in America and requiring a great many more of them. The Liberal MP Thomas Bazley ruefully told a CSA meeting that “whilst we wait for an increase in the number of negroes, we have to wait in the same proportion for an increase in the supply of cotton.”²¹

The growing demand for cotton prompted a rise in the value of slaves. The price of a prime field hand had risen from \$600 in 1802 to \$1,800 in 1860.²² This was equivalent to a British farm labourer’s wages for 15 years.²³ By the time the

¹⁷ H. Ashworth, *A Tour in the United States* (London: A. W. Bennett, 1861), p. 86

¹⁸ Cunningham & Hinshaw, annual CC for 1865, LRO, 380 COT/1/11/70

¹⁹ Anon. (Shaw?), ‘Cotton Crisis’, p. 429

²⁰ J. Danson, ‘On the Existing Connection between American Slavery and the British Cotton Manufacture’, *Journal of the Statistical Society of London*, 20.1, March 1857, pp. 1-21. Danson’s forensic examination leaves no doubt that the growth in the American slave population (nearly fourfold between 1800 and 1851) was the result of growth in the British demand for raw cotton, and would not have happened without it. See also Anon. (Shaw?), ‘Cotton Crisis’, pp. 425-431. Shaw quotes Governor Adams of South Carolina as forecasting that a deficiency in slave labour would eventually force the abolition of slavery (p. 425).

²¹ CSA Annual Reports, JRL, OTEA, 1859, p. 22; see also H. Ashworth, ‘Cotton: Its Cultivation, Manufacture and Use’, *Journal of the Society of Arts*, Vol. 6, No. 277 (March 1858), p. 261

²² Phalen, *Consequences*, p. 6

²³ N. Longmate, *The Hungry Mills* (London: Maurice Temple Smith Ltd., 1978), pp. 22-23

costs of food, clothing and housing, however primitive, were added, it was arguable that slave labour had become as expensive as free labour, and it was certainly more capital-intensive.²⁴ Much of the capital of individual planters, and of the Southern States in general, was tied up in slaves.²⁵ Before the war, Mississippi was America's fifth richest state, due largely to the fact that half its population was enslaved. After the war, it became America's poorest state.²⁶ The banking sector in the North, which largely financed the cotton trade, found itself the unwilling owner of slaves when planters defaulted on their debts and their estates were seized by the banks.²⁷ In Britain, the issue for the trade was whether, if slavery were to be abolished, a commensurate volume of cheap cotton would continue to come from America. What had happened to West Indian sugar after the British abolition of slavery offered a disturbing precedent. Former slaves were unwilling to return to the sugar plantations as freemen; there was a shortage of labour; slave-grown sugar from Brazil and Cuba became cheaper than West Indian, and there was a heated political debate over the implications of abolition for free trade.²⁸ As Richard Huzzey has wryly put it, "anti-slavery was still identified with the historical forces of progress, morality, and civilization, but not necessarily immediate economic gratification."²⁹

The fact that its labour was enslaved made cotton cheap, and the fact that it was readily available helped make it cheaper still. No one could know whether, in America, the availability would still exist without slaves. Britain and its cotton trade remained opposed to slavery in principle but, by 1860, the majority view was that what a British government could not control should not affect British behaviour.³⁰ The consequence was that the trade turned a collective blind eye to how its cotton was produced. In Eugene Dattel's words, "most New Yorkers did not care that the

²⁴ Mann, *Cotton Trade*, pp. 53-56; F. Olmsted, 'Account of the Present Condition of the Slave Regions of the United States', *Journal of the Statistical Society of London*, Vol. 24, No. 4 (December 1861), pp. 523-527; Phalen, *Consequences*, pp. 67-74

²⁵ Beckert, *Empire*, p. 114

²⁶ B. Watson, *Freedom Summer* (New York: Viking Penguin, 2010), pp. 39-40

²⁷ K. Boodry, *August Belmont and the Atlantic Trade in Cotton 1837-1865*, <https://www.rothschildarchive.org/materials/review_2009_2010_august_belmont_1.pdf> [accessed 7 October 2017], p. 16; S. Marler, 'The Merchant Capitalist Community of New Orleans, 1860-1862', *Civil War History*, Vol. 54, No. 3 (September 2008), p. 254

²⁸ Huzzey, *Freedom Burning*, pp. 98-106, 110-111, 183; Beckert, *Empire*, p. 257

²⁹ Huzzey, *Freedom Burning*, p. 126

³⁰ R. Huzzey, 'The Moral Geography of British Anti-Slavery Responsibilities', *Transactions of the Royal Historical Society*, Vol. 22 (December 2012), pp. 128-134

cotton was produced by slaves because for them it became sanitized once it left the plantation.”³¹ For New Yorkers, one could read Mancunians. There is no evidence that the trade fostered slavery as the only economical means of producing cotton. Rather, the trade was amoral: it did not mind where the cotton came from, as long as it came. When it failed to come, the trade did not look specifically for non-slave grown cotton, it looked for any cotton. Henry Ashworth declared that spinners would buy cotton anywhere and “asked no questions as to whether it was slave-grown or not”.³² John Watts remarked that “it may safely be affirmed that, if the annihilation of slavery had depended upon the people of this Christian land paying knowingly one farthing per yard extra for free-labour calico, slavery would have gone on for ever.”³³ But it could not have gone on for ever.

The sense that events in America were coming to a head impelled the trade to make a fresh effort to solve the problem in the late 1850s. This was the latest in a long chain of attempts, mostly centred on India. Until 1858, the responsibility for developing cotton cultivation in India belonged – in as far as it belonged to anyone, itself a contentious point – to the EIC. Isaac Watts wrote that, from 1788 to 1850, “numerous attempts had been made ... to improve the culture of cotton in India”³⁴ – allegedly no fewer than 28 measures.³⁵ This was not a view shared widely in Manchester, where the belief was that the EIC had done next to nothing.³⁶ This was not surprising. A major objective of the EIC was to export cotton goods *from* India, so it needed to encourage manufacture there, along with India’s own use of its raw material. A major objective of Manchester was to export cotton goods *to* India, which required both the curtailment of indigenous manufacture and the export of the raw material to Britain. The interests of each were opposed.³⁷ In addition, as

³¹ E. Dattel, *Cotton in a Global Economy: Mississippi (1800-1860)*, p. 4
 <<http://mshistorynow.mdah.state.ms.us/articles/161/cotton-in-a-global-economy-mississippi-1800-1860>> [accessed 7 October 2017]

³² R. Boyson, *The Ashworth Cotton Enterprise: The Rise and Fall of a Family Firm 1818-1880* (Oxford: Clarendon Press, 1970), p. 233

³³ J. Watts, *Facts*, p. 116. A similar comment could be made today concerning the wages and conditions under which Britain’s garments are produced.

³⁴ I. Watts, *CSA*, p. 15

³⁵ Anon. (Shaw?), ‘The Cotton Crisis’, p. 418

³⁶ According to *The Manchester Examiner & Times*, “the very name of the East India Company ... stinks in the nostrils of the community” (quoted in Silver, *Manchester Men*, p. 44). Specific criticisms of the Company are given in the same source, pp. 45-51.

³⁷ Beckert, *Empire*, pp. 87-88

Arnold wrote, “it was not possible for the EIC to force the native farmers to produce cotton, which, for ten successive years perhaps, must be allowed to rot, in order that in the eleventh it might rescue Lancashire from the consequences of a deficiency in the cotton crop of America.”³⁸

In 1848, John Bright, then a Manchester MP, instigated a select committee of the House of Commons, which he chaired himself, to enquire into the growth of cotton in India.³⁹ That committee having achieved no tangible results, in 1850 Bright attempted to establish a Royal Commission on the subject.⁴⁰ The reply to Bright’s motion by Sir John Hobhouse, President of the Board of Control and the Government minister responsible for India, covered most of the issues that were to dominate the debate over the next two decades. The heart of his argument was that, no matter what was done and by whom, Indian cotton could not compete with American.⁴¹ Events were to prove him right.

There was a hard core of the cotton trade that agitated permanently on the supply issue, centred on radical Manchester. In 1845, the capture of the Chamber of Commerce by what Farnie termed ‘free trade fanatics’ prompted the establishment of the less radical Manchester Commercial Association and led to a 13-year schism in the commercial representation of the city.⁴² To emphasise the distinction, ‘Cottonopolis’ will be used in this chapter to identify the polity of radical Manchester cotton men, although the original meaning of that word was broader. In the present sense, Cottonopolis was epitomised by the Chamber of Commerce, by a handful of MPs – of whom Thomas Bazley and J.B. Smith were the most vociferous – and by the CSA.⁴³ The formation of the CSA represented the most committed, most enduring attempt by the cotton trade to find a solution to its supply problem. It was founded in Manchester on 21 April 1857. It consisted of the great and the good of radical Lancashire. Its President was John Cheetham, MP for Lancashire South. Six other MPs were ex-officio members and three more were on the

³⁸ Arnold, *History*, p. 327

³⁹ Phalen, *Consequences*, pp. 161-162; Anon. (Shaw?), ‘The Cotton Crisis’, p. 418;

⁴⁰ Silver, *Manchester Men*, pp. 59-64; Harnetty, *Imperialism*, p. 37

⁴¹ Hansard, 3rd Series, 1850, cxii, 35-50

⁴² Farnie, *English Cotton*, pp. 39-40; Redford, *Manchester Merchants*, Vol. I, p. 234

⁴³ Silver, *Manchester Men*, pp. 15-22, details the split in Manchester and identifies the most prominent Radicals.

Council.⁴⁴ The CSA saw itself as the successor to the Anti-Corn Law League.⁴⁵ Fifteen of the top 35 subscribers to the League were among the leading subscribers to the CSA.⁴⁶ This was an attempt by Cottonopolis, its numbers now depleted by defections to the ranks of the complacently wealthy, to show that it still had fire in its belly. And, for a while, it did. At successive annual meetings, brimstone rained down upon the CSA's perceived enemies – usually the Government, frequently the backsliders in the cotton trade, and always the EIC and its heirs and successors in indolence.⁴⁷

According to its 1862 annual report, written at the height of the famine, “the [CSA] originated in the prospective fears of a portion of the trade that some dire calamity must inevitably ... overtake the cotton manufacture of Lancashire, whose vast superstructure has so long rested upon the treacherous foundation of restricted slave labour.”⁴⁸ The phrase ‘a portion of the trade’ was well chosen: most of the trade believed that, if war did come, it would neither last long, nor cause a dire calamity.⁴⁹ From the outset, the CSA was bedevilled by the lukewarm support it received from its own industry:⁵⁰

The Executive Committee ... are surprised at the apathy shown by those who ought to have been the principal supporters of the Association. The cotton brokers and mill owners most directly affected by the short supply of cotton, and most likely to be first benefited by the exertions of the Association, have withheld that measure of support which was naturally expected at their hands... The Executive Committee are willing to believe that this has arisen from a misapprehension of their intended objects.

The cotton brokers apprehended the ‘intended objects’ of the CSA all too well. As Chapter 7 will show, they were ‘directly affected by the short supply of cotton’ only in the sense that it massively enriched them.

⁴⁴ CSA Annual Reports, JRL, OTEA, 1859, p. 2; A. Redford, *The History of Local Government in Manchester, Vol. II* (London: Longmans, 1940), pp. 244-245

⁴⁵ Howe, *Cotton Masters*, pp. 199-202; Silver, *Manchester Men*, p. 100

⁴⁶ Howe, *Cotton Masters*, p. 200

⁴⁷ CSA Annual Reports, JRL, OTEA, for 1859 and 1862 in particular

⁴⁸ *Ibid.*, 1862, p. 5

⁴⁹ Farnie, *English Cotton*, pp. 15-16; Earle, ‘Egyptian Cotton’, p. 526; G. Milne, *Trade and Traders in mid-Victorian Liverpool* (Liverpool University Press, 2000), p. 54

⁵⁰ CSA Annual Reports, JRL, OTEA, 1858, pp. 10-11

The CSA was funded by voluntary subscription, so it was under permanent pressure to justify itself to its subscribers. It was proposed to call for a maximum of 12.5p per horsepower as a yearly subscription, with the probability that the actual call would not exceed 5p.⁵¹ Since there was about 300,000 horsepower in the cotton industry at the time, the CSA had a potential revenue of between £15,000 and £37,500, depending on the levy.⁵² In its foundation year, the subscription income was £1,372, suggesting that it had the active support of 9 per cent of the trade at best.⁵³ In 1862, at the height of the famine, income was only £4,123. Liverpool contributed the grand sum of £56.⁵⁴ As a Mr Ryley put it, “my fellow-townsmen of Liverpool are not quite so hearty in this cause as I think they might be. They state that they think it is purely a manufacturers’ and spinners’ question.”⁵⁵ Isaac Watts, then the Secretary of the CSA, complained:⁵⁶

The cotton trade of Liverpool is one of the chief sources of its prosperity, and it might therefore be naturally expected that the merchants of that town would readily assist in extending the cultivation of the staple from which they so largely derive their wealth... It has been extremely difficult to obtain in Liverpool the smallest subscription to this object... Is it unreasonable to expect that those who have not felt, as others have, the pressure of the calamity, who have even for a time been enriched by it, should bear their part in a work which involves their own interest and prosperity?

The CSA’s efforts from 1857 through to its dissolution in 1872 were directed to two ends: a general attempt to encourage cultivation wherever cotton could be grown, and a specific attempt to attract greater supplies from India. According to one of its members, the CSA was “essentially missionary in its character”, and it certainly pursued its aims with a missionary zeal.⁵⁷ An essay was procured on the best practice of cotton cultivation in America and circulated around the world,

⁵¹ *Manchester Courier & Lancashire General Advertiser*, 25 April 1857

⁵² Arnold, *History*, p. 36

⁵³ In practice it would have been less: the CSA had several major subscribers from outside the industry (CSA Annual Reports, JRL, OTEA, 1858, pp. 12-13).

⁵⁴ CSA Annual Reports, JRL, OTEA, 1862, p. 26.

⁵⁵ *Ibid.*, 1859, p. 38. This was probably James Ryley, from the brokerage of Hodgson & Ryley, who was part of an LCBA delegation that met the executive committee of the CSA on 21 May 1857.

⁵⁶ *Liverpool Mercury*, 26 November 1863

⁵⁷ J. Baynes, *The Cotton Trade: Two Lectures on the Above Subject* (Blackburn: John N. Haworth, 1857), pp. 92-93

together with the provision of seeds and, later, cleaning machinery and agricultural implements. The CSA produced a grow-your-own cotton kit and was granted the use of British consular offices to promulgate it.⁵⁸ There was no shortage of suitable recipients. “The Cotton fields of the world may be regarded as almost illimitable,” declared the CSA, and for once it could not be accused of exaggeration, as this *tour d’horizon* will show.⁵⁹

Heading south from the Mississippi, “in Central America there is a larger area of land suitable to cotton than ... in the whole of the Confederate States.”⁶⁰ Further down, “British Guiana ... was capable of growing as much Cotton as Great Britain required.”⁶¹ Then, “with the aid of foreign capital the cotton trade of Brazil would be capable of almost unlimited extension... The port of Bahia would ... become ... a second New Orleans.”⁶² Other parts of South America were equally promising: “Bogota, La Esmeralda, Callao, Carracas, Lima, Tacna, and Baranquilla ... could produce Cotton sufficient for the entire consumption of the world.”⁶³ Crossing the Atlantic, “cotton will yet come in abundance from Africa, there are immense districts that could supply all that Lancashire requires.”⁶⁴ Dr Livingstone discovered a source of cotton near the former Lake Nyasa that “presents a reasonable hope of a solution of the problem of supply”.⁶⁵ In the Mediterranean, aside from Egypt, “[no] other country ... offers anything like to the prospect of a large continuous and cheap supply of cotton as Italy.”⁶⁶ In the Middle East, “the whole northern half of Mesopotamia ... might be converted into one vast cotton field, extensive enough to place Manchester once and for ever in complete independence.”⁶⁷ In addition, “Turkey possesses vast tracts of country, which by soil and climate are peculiarly adapted to cotton.”⁶⁸ Further afield, “half a million of well-directed labourers in

⁵⁸ CSA Annual Reports, JRL, OTEA, 1858, pp. 6-8

⁵⁹ *Ibid.*, 1859, p. 11; see also Mann, *Cotton Trade*, pp. 59-92 (a book dedicated to the CSA).

⁶⁰ CSA Annual Reports, JRL, OTEA, 1862, p. 23

⁶¹ J. B. Smith, MP, reported in the *Liverpool Daily Post*, 12 March 1857

⁶² CSA Annual Reports, JRL, OTEA, 1862, p. 22

⁶³ *Ibid.*, 1861, pp. 12-19

⁶⁴ I. Watts, *CSA*, p. 100

⁶⁵ Letter to *Liverpool Mercury*, 5 May 1860

⁶⁶ Levi, ‘Cotton Trade’, p. 45

⁶⁷ I. Watts, *CSA*, p. 53

⁶⁸ Levi, ‘Cotton Trade’, p. 44

Australia could produce more cotton than this country could consume.”⁶⁹ In Fiji, “one single island” – and there are 211 of them – “is capable of producing all the cotton that Europe requires at the present time.”⁷⁰ Crossing to western China, “under proper cultivation, ... Pegu, Burmah, and the adjacent Shan territories ... could produce annually all the raw Cotton that England requires.”⁷¹ Cotton could even be grown in England. “J. Blackburne, Esq., M.P., had a gown made from cotton grown in his own gardens, for a dress for his lady to appear at court.”⁷² Finally, as always, there was India: “if the government were only ordinarily wise ... we could have the whole of our supplies of cotton from India,”⁷³ which “could supply all the cotton we require, and much more.”⁷⁴

The missionaries of the CSA did not pause to enquire why, if this endless vista of cotton fields had the potential to stretch across much of the earth’s surface, it had so far failed to do so. Cotton manufacture was becoming a mature industry in Europe. An increasing demand for raw cotton had existed for decades, a fact known throughout the world. No one seems to have asked why so few of these countries had grown and exported cotton on a significant scale. The CSA’s annual report in June 1861 boasted that, “owing mainly to ... the efforts of your Association... [there is] a total of 58 new, revived, or increasing ports from which we are now receiving cotton.”⁷⁵ These 58 ports are proudly listed, together with the quantities shipped. Nowhere does the report mention that the combined shipments amounted to less than 2 per cent of the American supply in the process of being lost at that very moment. It is difficult not to be struck by the collective naivety of a group that included many experienced and successful businessmen.

Cottonopolists evinced an ignorance about the wider world of cotton, matched by a parallel arrogance. Their lack of confidence in anything told them by the EIC, or by the Government, prompted them to latch on to any idea that

⁶⁹ Thomas Bazley, MP, cited in W. Sandford (ed.), *Cotton Supply from the Ottoman Empire* (London: J. E. Taylor, 1862), p. 72

⁷⁰ CSA Annual Reports, JRL, OTEA, 1859, p. 24, address of Thomas Bazley, MP, to the AGM

⁷¹ *Ibid.*, 1860, pp. 15-16, quoting Captain Richard Sprye

⁷² H. Smithers, *Liverpool, its Commerce, Statistics and Institutions* (Liverpool: T. Kaye, 1825), p. 130

⁷³ CSA Annual Reports, JRL, OTEA, 1859, p. 27, address of Edmund Ashworth to the AGM

⁷⁴ L. Wray, ‘The Culture and Preparation of Cotton in the United States of America’, *Journal of the Society of Arts*, Vol. 7, No. 318 (December 1858), p. 85

⁷⁵ CSA Annual Reports, JRL, OTEA, 1861, p. 7

sounded hopeful, propounded by anyone who seemed informed. They were particularly susceptible to lesser officials from British India with large egos. At one moment, the situation would be transformed if American cotton could be planted in India. A pamphlet that was a paean to the experiments of A. N. Shaw, the British Collector of Dharwar, concluded that “Mr Shaw’s opinion that ‘Indian cotton may ultimately oust the American from the English market’ will not seem extravagant.”⁷⁶ The effect is somewhat reduced when one knows that the anonymous author of this pamphlet was probably Alexander Nisbet Shaw himself.⁷⁷ In the end, as Isaac Watts conceded, “little or no permanent advantage can be expected from these attempts, and ... the improvement of indigenous cotton is the work which demands and will most reward exertion.”⁷⁸ Watts does not mention the time the CSA spent angrily arguing the opposite, nor that for many years it agitated for a reform of land tenure in India and for the Government to sell off waste lands.⁷⁹ The Secretary of State for India from 1859 to 1866, Sir Charles Wood, was castigated for his failure to implement these measures which, Cottonopolis alleged, would transform the prospects for cotton cultivation. Eventually the CSA admitted that “the subject of land-tenure occupied the earnest attention of the Association at an early period ... but the conclusion soon⁸⁰ adopted was that it did not interpose any serious obstacle to an extended cultivation of cotton... The utilisation of waste lands was also a subject which engaged much attention ... and some of the opinions once entertained on this subject have been considerably changed.”⁸¹ As on almost every other subject, one might say.

The two illusions most sacred to the CSA were that India grew vastly more cotton than it actually did, and that much of it was stacked in the interior, unable to find a way to market because of a lack of transportation. Leonard Wray, in an address to the Society of Arts in December 1858, declared that India already produced between four and five million bales of cotton annually, “a fact little

⁷⁶ Anon. (Shaw?), ‘Cotton Crisis’, p. 438

⁷⁷ Silver, *Manchester Men*, p. 80

⁷⁸ I. Watts, *CSA*, p. 22. Smith reached the same conclusion rather earlier (Smith, *Trade of India*, pp. 32-38)

⁷⁹ *CSA Annual Reports*, JRL, OTEA, 186, pp. 8-11

⁸⁰ In this context, ‘soon’ means after six or seven years of insisting on the opposite.

⁸¹ I. Watts, *CSA*, pp. 19-21

dreamed of in this country”.⁸² The reason it was little dreamed of is that it was not a fact, or anything close to one, as Samuel Smith was to demonstrate four years later. At the 1859 annual meeting, Henry Ashworth told the CSA how the 1846 crop of Berar – more than 400 miles from the sea – was so plentiful and so good that efforts were made to sell it in Bombay, but “they had to employ 180,000 bullocks to carry that cotton to market.”⁸³ It is true that transportation in parts of India was appalling, but the idea that there were vast quantities of cotton trapped in the interior was a fantasy. The *ryots* – the Indian peasant farmers – were in no position to grow crops speculatively. If they produced cotton, it was because they had a market for it, whether in the ports or among the local hand spinners and weavers. Not only was there much less cotton in India than Cottonopolis thought, but most of it was spoken for already.

A strange aspect of the attempts to find other sources of cotton was that the issue of price was barely mentioned. Manchester had a fixed idea that the ‘correct’ price for raw cotton was 1.67p per lb.⁸⁴ One of its concerns was that producers in America were levering the price above this ‘natural’ level to line their own pockets excessively.⁸⁵ But nowhere in the discussion of the cotton supply has there been found any extensive reference to price. The CSA claimed to be researching the prospects for cotton cultivation throughout the world. Surely any competent botanist could have answered that question well before 1857. The cost of the supply was critical, but this is never mentioned as an objective.

Someone who did grasp the centrality of price was Alexander Mackay, a journalist. When Bright failed to persuade the Government to set up a Royal Commission into cotton growing in India, he instigated a private enquiry. Mackay was its Commissioner. He died on the journey home, and his posthumous report in 1853 was by then an anti-climax. It included this telling question:⁸⁶

Can Indian cotton, of good quality, be laid down in Liverpool at prices remunerative to all legitimately engaged in the trade, in successful competition

⁸² Wray, ‘Culture’, p. 85

⁸³ CSA Annual Reports, JRL, OTEA, 1859, p. 30

⁸⁴ Silver, *Manchester Men*, p. 78

⁸⁵ *Ibid.*, p. 8

⁸⁶ Quoted in Anon. (Shaw?), ‘Cotton Crisis’, p. 440

with American cotton, not only when prices are high, but ... when they are at the lowest point at which cotton can be supplied from America at a profit?

This was the right question. It is strange that no one else in Cottonopolis thought to ask it, or to realise that the answer to it was 'no'.

The position of the cotton supply on the eve of the civil war, therefore, was identical to its position at the formation of the CSA four years earlier, and identical to its position for many years. The American share of the British raw cotton market was the same as it had been 20 years earlier. The Indian share of the market was variable, growing only when the American harvest was bad and prices rose above their normal level. No significant new sources of supply had been established. The two fundamentals remained unaltered: America produced two-thirds of the world's cotton; no other country could, or would, land cotton in Liverpool in quantity at a competitive price. The CSA had achieved nothing of substantive value. Now it was faced with the crisis it had long dreaded.

In January 1861, the growing possibility of a civil war in America prompted two letters from the Government. Earl Russell, the Foreign Secretary, wrote to the Manchester Chamber of Commerce asking for an estimate of the additional cotton required in the event of an interruption to the American supply, and pledging to request consular offices to estimate how much of the shortfall each country could supply.⁸⁷ On 28 February, Lord Canning, Governor-General of India, wrote to each local government that he was considering "the possibility of a ... suddenly increased demand for Indian cotton in England", and asked them to consider how "the power of India to meet such increased demand for cotton may be augmented by help of Government". He then ruled out any measure "which in any way interferes with private enterprise".⁸⁸ The Government was happy to write letters, but not to do very much. The cotton trade would need to look to its own resources.

"The most important country to which we have to look ... is India," CSA President John Cheetham had told the 1859 annual meeting.⁸⁹ Yet Cheetham himself was only too aware of the problems in India. In 1862, he was reported in an unguarded moment as telling representatives of countries showing cotton samples

⁸⁷ *Liverpool Mercury*, 22 January 1861

⁸⁸ Quoted in Silver, *Manchester Men*, p. 154

⁸⁹ CSA Annual Reports, JRL, OTEA, 1859, p. 16

at the International Exhibition that “the example of India was to be avoided rather than imitated. [The CSA] had nothing to learn from India, except ... how to mismanage their business and produce the worst cotton grown on the face of the earth.”⁹⁰ Despite this, the CSA’s obsession with India continued, because it had to. It was no use now relying on promoting cultivation in countries where little cotton had ever been grown. The crisis was at hand. The only hope lay in India, where there was already a large indigenous crop. It now became essential to discover how large that crop really was.

In 1858, Leonard Wray had declared the crop at four to five million bales. In 1859, Dr Forbes Watson, Reporter on the Products of India for the Secretary of State, asserted that India was producing more than eight million bales.⁹¹ Three years later, Richard Burn, editor of a Manchester trade circular, wrote to *The Times*: “your correspondent ... endorses my statement that India ... produces 6,000,000 bales of cotton, and quotes Dr J. Forbes Watson as his authority, than whom no one is more competent to form an opinion.”⁹² In September 1862, the CSA decided that “it is erroneous to suppose that a stock of 6,000,000 bales of cotton exists at this moment in India, only awaiting the means of purchase and export,” and reduced the estimate to where Wray had placed it: between four and five million bales.⁹³ It would seem that Manchester now doubted any of these estimates. The Chamber of Commerce took the extraordinary step of commissioning Samuel Smith, a Liverpool broker, to visit India and report on what he found. Smith’s report consisted of a series of letters, written between 12 February and 12 May 1863, and first published in *The Times of India*. These excerpts are taken from three of his letters:⁹⁴

A misty undefined notion prevailed that a vast amount of cotton was grown in this country; random estimates of four and six millions of bales had been propagated by theoretical writers... One million and a half of bales must have been a full crop for all India prior to this crisis...⁹⁵ It was also imagined that ... if a high enough rate was offered, ... the immense stores in the interior would be unlocked, the obstacles of transit overleaped, and prodigious quantities

⁹⁰ *The Times*, 14 August 1862

⁹¹ CSA Annual Reports, JRL, OTEA, 1859, p. 29

⁹² *The Times*, 7 July 1862

⁹³ CSA Annual Reports, JRL, OTEA, 1862, p. 7

⁹⁴ Smith, *Trade of India*, pp. 2, 6, 18, 58-59

⁹⁵ Smith subsequently modified this estimate to fewer than two million bales (p. 7).

shipped from the ports; while it was thought that a moderate increase in the cultivation ... would easily provide a substitute for the entire American crop.

India is not able ... to supply the place of America... Large supplies of cotton can ... be drawn from India only by excessive prices, and whenever prices return to a normal level the production will recede correspondingly... No hope whatever exists of India being able to fill the void made by the stoppage of the Southern [American] trade... Were a lively picture of Indian customs and commerce before the mind of the British public, fewer utopian notions would prevail, and fewer impracticable schemes be advocated.

Smith explained the reasons for his conclusions. The priority of the *ryots* was to grow food: cotton was seldom a profitable crop and there was always a high chance of it failing. The yield per acre was about one-fifth of that obtaining in America. Production methods were antiquated and laborious. Indigenous cotton was of poor quality and unsuited to British machinery. It was often picked when over-ripe, and was frequently dirty and mixed with extraneous material. The slowness of the cleaning process exposed much of the cotton to the monsoon rains. The problems with transportation were immense. Different growths of cotton were mixed in the same bale, undetectable until the bales were opened in Britain. In the ports, corruption was endemic and quality control non-existent, so that “the English houses have to contend with trickery and fraud on every side.” On top of all that, the cotton then took from four to six months to reach Liverpool.⁹⁶ Other commentators have weighed in with similar observations. According to Beckert, “transporting cotton to the port added about 50 percent to its cost in India, but as little as 3 percent in the United States.”⁹⁷ The newspaper, *Friend of India*, referred to “the *seven* middlemen who stand between the Bombay merchant and the ryot”.⁹⁸ It was not the case that India failed to match America on one or two indices: it fell down on all of them. It is not recorded how the Manchester Chamber reacted to Smith’s findings, but his report proved to be unchallengeable. On the key question of the size of the Indian crop, Smith’s estimate would later be accepted by both Ellison and Farnie.⁹⁹

⁹⁶ Smith, *Trade of India*, pp. 12-14, 27-31, 37, 53-57. Smith said cotton took 4 months to reach Britain; Silver said it took about 6 months (Silver, *Manchester Men*, p. 315), as did the broker Maurice Williams (*Seven Years*, p. v [appendix], 19 November 1862).

⁹⁷ Beckert, *Empire*, p. 111

⁹⁸ Article in *Friend of India*, quoted in CSA Annual Reports, JRL, OTEA, 1862, p. 14

⁹⁹ Ellison, *Cotton Trade*, p. 143; Farnie, *English Cotton*, p. 151

Now in a desperate situation, Cottonopolis hoped to bully the Government into doing things it had proved unable to do itself. But the Government refused to undertake activities that it considered the province of business. It was hamstrung by a lack of funds following the Indian Rebellion and it was under pressure to govern India for the benefit of Indians, not of Mancunians. If Cottonopolis considered that the Government had done too little to help Manchester, many Indians considered that it had done far too much.¹⁰⁰ All the fury that Cottonopolis felt towards the Government was vented on one man: Sir Charles Wood. Hugh Mason – mill-owner, later President of the Manchester Chamber of Commerce and MP for Ashton-under-Lyne – called on the Chamber of Commerce, the CSA, the mayor of Manchester, and anyone else he could think of, to demand Wood's impeachment. If that demand was refused, he wanted the country to dismiss Lord Palmerston from his premiership.¹⁰¹ In return, Wood despised the Cottonopolists. "The cotton people try my temper sadly," he wrote. "They have no regard for anything but their own selfish interest."¹⁰²

One can nevertheless feel sympathy for the Cottonopolists. They were under enormous pressure in 1861-63. Their mills were closed or on short time; their finances were parlous; their employees were starving in their hundreds of thousands. Some people were blaming them for having caused the famine by over-producing cotton goods. The onus was on them to explain how things had got to this pass and what they were doing about it. Others who might have shown an active concern – the bulk of the manufacturing trade, Liverpool, the Government, anyone in India – declined responsibility. A Mr Clegg of Manchester asserted that "not one hundred thousand pounds has yet been paid up, from all sources in England put together, toward companies organized for the encouragement of cotton cultivation."¹⁰³ Cottonopolis was left alone to do something it could not do. The result was a series of hysterical demands, coupled with vitriolic criticism of the only scapegoat to hand: the Secretary of State. Sir John Hobhouse had earlier made

¹⁰⁰ Silver, *Manchester Men*, p. 213

¹⁰¹ *Manchester Guardian*, 24 September 1862

¹⁰² Sir Charles Wood to Lord Canning, 26 November 1861 (Halifax Collection, I.O., Letter Books, IX, p. 125), quoted in Harnetty, *Imperialism*, p. 42

¹⁰³ Sandford (ed.), *Cotton Supply*, p. 8

the point that, when there had been problems with indigo and opium supplies from India, the merchants in those trades had resolved them, not the government, so why did Cottonopolis not follow their example?¹⁰⁴ Henry Ashworth had answered that question in 1859: “would people ... undertake to tell a corn miller, if there happened to be a scarcity of corn, that he ought to go to India or some other country, and grow the corn that was needed?”¹⁰⁵ The Cottonopolists were not merchants: they were manufacturers. Exports were managed by overseas firms based in Manchester: in the 1860s, at least three-quarters of the trade was handled by these foreign companies.¹⁰⁶ If there was one body that could have transformed the supply of raw cotton from India to Britain, it was the cotton merchants of India. The inexorable law of supply and demand, so beloved of Manchester, might have led the Indian trade to recognise the extent of British demand and ensure a far greater supply. This did not happen to anything like the required extent.

Isaac Watts placed the blame for this on the hostility of the Indian press to what it regarded as Manchester’s selfishness.¹⁰⁷ This is unfair. Everyone knew that, when the war ended and American cotton came back to the market, the British trade would forsake Indian cotton and buy American again. It was universally, and correctly, believed that, when this happened, the price of raw cotton would plummet.¹⁰⁸ In normal times, there was no incentive for India to increase its supply to Britain unless there had been a poor American harvest: the price was not high enough to entice existing cotton away from other destinations, whether export or domestic. If significantly more cotton was now to be planted, the consequent increase in the global supply would make prices even less attractive in the long term. It would have been madness to change the priorities of India’s agrarian economy because of another country’s short-term problem. It was a risk even to

¹⁰⁴ Hansard, 3rd Series, 1850, cxii, 40

¹⁰⁵ CSA Annual Reports, JRL, OTEA, 1859, p. 31. *The Times*, astonishingly, thought that this would happen: “[the mill-owners] will ... go earnestly to work to gather from the inexhaustible fields of India the raw material they require, and they will bring it home” (quoted in *Liverpool Mercury*, 2 August 1862).

¹⁰⁶ Farnie, ‘Cotton, 1850-1896’, p. 357

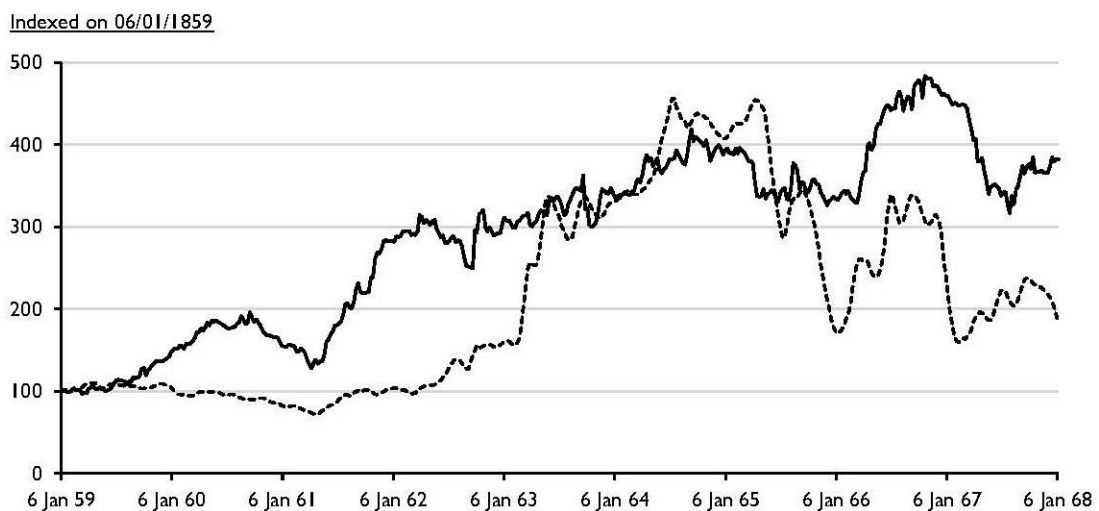
¹⁰⁷ I. Watts, *CSA*, p. 117

¹⁰⁸ Williams, *Seven Years*, 1862, pp. v, ix; W. Forwood, ‘The Influence of Price upon the Cultivation and Consumption of Cotton during the Ten Years 1860-70’, *Journal of the Statistical Society of London*, 33.3 (September 1870), p. 368; Earle, ‘Egyptian Cotton’, p. 528; Farnie, *English Cotton*, p. 150; *Liverpool Mercury*, 3 September 1861

divert existing supplies to Britain, bearing in mind the time lag of up to six months. At no point of the civil war could anyone have a sure opinion that American cotton would not return within six months. The brokers Cunningham & Hinshaw asked: “who will dare to import freely of Cotton from India at high prices, when long before it can be marketed here, we may be largely supplied by the release of the pent-up crops of the States?”¹⁰⁹ The proof of how closely Indian merchants watched what was happening in Britain – not only during the civil war, but before and after it – is provided by Figure 2.1. This graph incorporates a 36-week time lag between the price and the import, to give time for information from Liverpool to reach India and to be acted upon. The correlation is not exact, but it is striking. It suggests that everything was done at the last minute, in the hope that the civil war, and the prices of scarcity, would still obtain when the cotton arrived in Liverpool.

Figure 2.1

BRITISH IMPORTS OF INDIAN COTTON (solid line: 52 wk. moving)
and its LIVERPOOL PRICE (dotted line: 4 wk. moving), 1859-67,
incorporating a 36-week time lag for imports



Source: ED

¹⁰⁹ Cunningham & Hinshaw, annual CC for 1861, LRO, 380 COT/1/11/66. Maurice Williams asked a similar question (Williams, *Seven Years*, 1862, p. v). There was also the pertinent comment of brokers Kearsley & Cunningham: “it is hopeless to attempt to force an increased cultivation, or to create a new one, unless where labour is cheap and after long periods of high prices” (Kearsley & Cunningham, annual CC for 1862, LRO, 380 COT/1/11/67).

Despite the risks, many Indian merchants *were* seduced by the prices on offer: Indian cotton exports to Britain roughly trebled in the war years.¹¹⁰ Until September 1864, the profits were enormous. Then the predictable happened. The broker Paul Hemelryk told of a cargo of 400 bales of Madras cotton, worth 8.3p per lb when shipped and 2.0p when it arrived.¹¹¹ Many of the merchants were bankrupted, either then or later. Smith reported that:¹¹²

The [Parsee merchants] profited greatly by the huge rise in the price of cotton... This wonderful prosperity ... led to a wild outbreak of speculation unparalleled in India... The trading community became intoxicated with sudden fortunes. And then the bubble burst! The American War came to an end; a terrific decline in prices occurred; and merchants, banks, and financial companies toppled over in a mass of hopeless wreckage.

Discreditably, the CSA used the inflated wartime price to entice greater long-term cotton cultivation in India, despite knowing that this price was far higher than Britain was prepared, or would need, to pay when the war ended. It declared that “a prize of from thirty to forty millions sterling per annum, is at the present moment offered by ... Lancashire to ... all nations capable of growing cotton, together with innumerable social and commercial advantages... Never ... was so magnificent an opportunity for national aggrandisement afforded to tropical countries.”¹¹³ The key phrase is ‘at the present moment’. Pre-war, non-American cotton sold for about £6 million p.a. in Britain, by no means all of it going to the producing countries.¹¹⁴ Had the *ryots* heeded this plea, they would have turned land over to cotton cultivation, enjoyed a few years of profit and would then have been told either that their cotton was no longer required, or that the price was a fraction of what it had been. Egypt serves as an example. That country had previously exported surplus cereals. Now it subordinated all agriculture to cotton cultivation. It needed to import foodstuffs. There were famine conditions in the interior. Egypt was transformed from self-sufficiency to a one-crop economy dependent on

¹¹⁰ Table 2.1 (page 53)

¹¹¹ P. Hemelryk, *Forty Years' Reminiscences of the Cotton Market* (Liverpool: Rockcliff Bros, 1916), pp. 8-11

¹¹² Smith, *My Life-Work*, pp. 60-61

¹¹³ CSA Annual Report, JRL, OTEA, 1862, p. 5

¹¹⁴ Table 7.1 (page 180): the amount would have been about 20 per cent of the final column.

exports.¹¹⁵ In India, some *ryots* did plough up their grain fields to plant cotton.¹¹⁶ But most of them had longer memories. In the words of Ellison & Haywood, “the stolid opposition of the cultivators to change of any kind, and their especial and hereditary distrust of the British Cotton market, are not to be got over in a day. Even at the end of two years of famine prices, the prejudices of the *ryots* have scarcely been affected, let alone eradicated.”¹¹⁷ Smith observed that “[the *ryot*] is well aware that the price of cotton is exceedingly precarious; he knows very little of American politics, ... but he has not forgotten the experience of the past, and remembers that extraordinary rises have generally been followed by seasons of ruinous depression.”¹¹⁸

All else having failed, the free traders of Cottonopolis resorted to pleas for government intervention. Even Bright lacked sympathy for them: “when there comes this great calamity of the failure of the cotton supply, everybody runs to everybody else asking that something should be done.”¹¹⁹ As late as 1857, the mill-owner John Baynes declared that “the procuring of an increased supply of cotton, as well as any other article of commerce must be left to the operation of the ‘laissez-faire’ principle, which has worked so beneficially in rewarding enterprise, enriching individuals, and promoting the national prosperity.”¹²⁰ A few years later, ravaged by the famine, Cottonopolis had changed its tune. The law of supply and demand did not operate properly in India, it said, so the Government must intervene to make it operate. There is no reason to think, from an Indian perspective, that the law of supply and demand was not working. The role of cotton in the country’s domestic economy made perfect sense, just not the sense that Cottonopolis wanted. Some in Liverpool were apoplectic at the more extreme of Manchester’s demands. Charles Holland, a former chairman of its Chamber of Commerce, declared that “if he were called upon to express his concurrence ... that the consolidated fund should be made available for the production of a larger supply of cotton in India – he should say at once that a more extraordinary and barefaced proposition was hardly ever

¹¹⁵ Earle, ‘Egyptian Cotton’, p. 521; Forwood, ‘Influence of Price’, p. 368; Beckert, *Empire*, p. 256

¹¹⁶ Silver, *Manchester Men*, p. 75

¹¹⁷ Ellison & Haywood, annual CC for 1863, LRO, 380 COT/1/11/68

¹¹⁸ Smith, *Trade of India*, p. 13

¹¹⁹ Hansard, 3rd Series, 1863, clxxii, 226

¹²⁰ Baynes, *Cotton Trade*, p. 108

put before any public community.”¹²¹ Many in Manchester agreed with him. The Chamber of Commerce opposed interference with trade through the compulsory purchase of cotton or by underwriting its price. Its Board declared that “any such proposals are utterly at variance with true trading principles, and amount to a direct renunciation of the law of supply and demand.”¹²²

The Government did not intervene to any significant extent to procure more Indian cotton during the civil war, or to do much more than it was doing already. The evidence contradicts Beckert’s assertion that “cotton had become a matter of state, a state empowered not least by decades of merchant political mobilization.”¹²³ In his review of proposals to increase exports of Indian cotton during the war, Beckert is close being schizophrenic. His intellectual straitjacket demands statements like the one just quoted, but honesty compels occasional recognition of Manchester’s extreme dissatisfaction with government measures, or the lack of them.¹²⁴ He creates the impression of ceaseless joint Cottonopolis and government initiatives, while the fact that these efforts led almost nowhere goes unmentioned. To give a specific example, he uses the 1862 reduction of the Indian import tariff on cotton goods from 10% to 5% to illustrate his claim that the Government pursued Manchester’s interests. He does not mention that this reduction merely returned duties to the level they had been between 1814 and 1859, when they were raised to help cover the post-Rebellion costs. Nor does he mention that in 1863 the cotton values on which the duty was calculated were increased considerably, to Manchester’s fury.¹²⁵

Nevertheless, the 1860s cannot be described as a period of unbridled *laissez-faire* either. As Deane noted, “so far from being triumphant by the 1850s, the *laissez-faire* movement had been finally routed by new techniques of government control of the economy which had their own built-in tendency to develop, grow and multiply.”¹²⁶ But these new techniques did not yet extend to intervention on

¹²¹ *Liverpool Mercury*, 19 February 1861

¹²² Proceedings of the Manchester Chamber of Commerce, 8 July 1862, quoted in Redford, *Manchester*, pp. 251-252

¹²³ Beckert, *Empire*, p. 250

¹²⁴ *Ibid.*, pp. 251-256

¹²⁵ Harnetty, *Imperialism*, pp. 7, 35; J. Watts, *Facts*, p. 430; *Manchester Examiner & Times*, 20 July 1864

¹²⁶ Deane, *Industrial Revolution*, p. 219

behalf of British manufacturing anywhere, and especially not in the Empire, other than through a removal of tariffs.¹²⁷ Beckert is correct in identifying the war as presenting “the world’s first raw material crisis”, but he is wrong to allege that state interventionism formed the British response to that crisis.¹²⁸ The concluding words to his chapter on the civil war – “cotton capitalists had learned that the lucrative global trade networks they had spun could only be protected and maintained by unprecedented state activism” – bears no relationship to actual events.¹²⁹ Neither does his claim that, in India, “British colonial bureaucrats, and Manchester manufacturers embarked on a frantic race to grow cotton for world markets.”¹³⁰ Rather, the manufacturers demanded that the Government should do it for them. And the Government did very little.

Having previously advocated free trade to advance their interests, many Cottonopolists now needed to justify interventionism, without appearing to contradict themselves. Harnetty argued that the Cottonopolists were imperialist interventionists more than free traders.¹³¹ In practice, however, they viewed economic theory through the prism of their own experience and perceived self-interest, which varied over time. As the last chapter showed, the British cotton industry was built on the back of protectionism, cheered on by Manchester. The switch to a passionate defence of free trade happily coincided with the period when, by now the dominant force in the manufacture of cotton goods, Cottonopolists needed world markets to be open to their products. Even then, their enthusiasm for free trade did not usually extend to the export of textile machinery.¹³² In William Ashworth’s words, “the enlightened minds spearheading Britain’s Industrial Revolution were liberal free-traders as long as there was no competition.”¹³³ Now, with the main source of their raw material cut off, they reverted to their previous demands for government intervention. However, their earlier efforts to convert the

¹²⁷ A. Howe, *Free Trade and Liberal England 1846-1946* (Oxford University Press, 1997), pp. 70-110

¹²⁸ S. Beckert, ‘Emancipation and Empire: Reconstructing the Worldwide Web of Cotton Production’, *The American Historical Review*, Vol. 109, No. 5 (December 2004), p. 1406

¹²⁹ Beckert, *Empire*, p. 273

¹³⁰ Beckert, ‘Emancipation’, p. 1411

¹³¹ Harnetty, *Imperialism*, pp. 123-126

¹³² W. Ashworth, *Industrial Revolution*, pp. 234, 240-241; Parthasarathi, *Why Europe*, pp. 111-113

¹³³ W. Ashworth, *Industrial Revolution*, p. 191

government to free trade had been so successful that they were hoist by their own petard. There was no more stalwart defender of free trade during the cotton crisis than Sir Charles Wood.¹³⁴

One could say that the Cottonopolists were hypocrites. More charitably, one could say that they were pragmatic businessmen trying to protect their businesses. In some ways, they were ahead of their time. A striking aspect of this economic debate was how it prefigured twentieth-century arguments, rather than exemplifying nineteenth-century ones. In Parliament, J. B. Smith asked the Government to buy up Indian cotton and to take it for three years in payment of rent.¹³⁵ The proposal was thought outlandish at the time but, a hundred years later, it would have seemed commonplace.

This chapter is the story of what did not happen and why it did not happen. It should end with a summary of what did happen.

The cotton scarcity persisted throughout the war. At best, the manufacturing trade reached a *modus vivendi* with its new circumstances. An inflated price regulated the demand, and an improving, though still inadequate, supply allowed mills to work more normally than in the trough of the famine. But it would have needed a quintupling of the 20 per cent of the pre-war supply that was not American to replace the 80 per cent that was. That did not come close to being achieved. The main source of the wartime supply was India (Table 2.1). The other main pre-war exporters, Brazil and Egypt, increased their supplies. A plethora of small exporters contributed their mites. According to Isaac Watts, “the increased supplies obtained from [Turkey] ... contributed in a very important degree to meet the scarcity occasioned by the American war.”¹³⁶ This was one of the many euphemisms, not to say untruths, which the CSA used to conceal the reality. At its wartime peak, Turkish cotton amounted to less than 3 per cent of the lost American supply.¹³⁷ Britain attracted a larger share of the crop from countries with which it had an established trade. It attracted some of the crop from China and

¹³⁴ J. Watts, *Facts*, pp. 420-436; Silver, *Manchester Men*, p. 171

¹³⁵ Hansard, 3rd Series, 1862, clxviii, 1022-1023

¹³⁶ I. Watts, *CSA*, p. 62

¹³⁷ Most of the Turkish cotton, and that of Italy and Sicily, went directly to continental Europe, notably to France (Neill Bros circular of 1 June 1864 [*Liverpool Mercury*, 4 June 1864]).

Table 2.1
SOURCE OF BRITISH RAW COTTON IMPORTS, 1857-68

('000 lbs)

	America	India	Egypt	South America	China & Japan	West Indies	Turkey	Others	TOTAL
1857	660,800 68%	251,800 26%	25,200 3%	30,200 3%	0 0%	0 0%	0 0%	8,100 1%	976,100
1858	826,200 81%	131,900 13%	37,700 4%	18,800 2%	0 0%	0 0%	0 0%	10,900 1%	1,025,500
1859	934,400 78%	186,500 16%	36,900 3%	21,400 2%	0 0%	1,000 0%	0 0%	10,600 1%	1,190,800
1860	1,152,800 80%	210,700 15%	45,400 3%	18,600 1%	0 0%	0 0%	0 0%	8,300 1%	1,435,800
1861	822,900 65%	370,300 29%	41,100 3%	17,100 1%	0 0%	0 0%	1,000 0%	9,000 1%	1,261,400
1862	22,300 4%	399,100 75%	59,900 11%	25,400 5%	2,000 0%	1,000 0%	6,100 1%	17,300 3%	533,100
1863	56,800 8%	448,100 65%	97,100 14%	25,800 4%	33,000 5%	3,100 0%	14,500 2%	13,400 2%	691,800
1864	82,100 9%	507,600 57%	125,200 14%	45,100 5%	96,100 11%	1,000 0%	22,000 2%	17,000 2%	896,100
1862-64 average	53,700 8%	451,600 64%	94,100 13%	32,100 5%	43,700 6%	1,700 0%	14,200 2%	15,900 2%	707,000
1865	187,700 19%	440,700 46%	174,900 18%	69,200 7%	38,500 4%	2,000 0%	26,700 3%	26,700 3%	966,400
1866	512,600 38%	605,100 45%	116,100 9%	78,700 6%	5,900 0%	3,000 0%	10,800 1%	21,600 2%	1,353,800
1867	533,500 42%	502,300 39%	127,100 10%	80,700 6%	1,000 0%	4,000 0%	7,100 1%	18,100 1%	1,273,800
1868	559,000 43%	480,200 37%	125,400 10%	91,400 7%	0 0%	0 0%	0 0%	36,000 3%	1,292,000

Sources: GH, JP

Japan, unparalleled before or since. Impetus was given to increased cotton cultivation in a few countries: Egypt, India and Turkey in particular. But the volume of cotton needed to replace the lost American supply did not exist elsewhere in the world. Due entirely to price, much of what did exist was enticed to Britain, but it was not enough.¹³⁸

Despite these readily available facts, some historians persist in painting a distorted picture. According to Jay Sexton, “alternative sources had been developed in India and Egypt since the 1840s and could sustain Britain’s textile industry during the crisis in America.”¹³⁹ In Howard Jones’s view, “cotton continued to flow into England ... from expanded purchases in Brazil, China, Egypt, and India.”¹⁴⁰ And Beckert has said that “Indian, Egyptian and Brazilian cotton became a major presence on Western markets.”¹⁴¹ None of these statements is technically untrue, yet all present a misleading view of the reality. As Chapters 4 and 5 will show, Britain received less than half the raw cotton it needed for the entire duration of the war. There is no further point in examining the contention that the lost American supply was adequately replaced. It was not.

After the war, prices fell, American supplies resumed, and the world of cotton began its return to normality. Ellison reviewed what happened in the meantime:¹⁴²

The high prices caused by the ‘famine’ brought increased supplies from the Brazils, Turkey, India, and China; but with the return of ante-war values the imports into Europe fell back almost to the level at which they stood in 1860-61. From the West Indies, Central America, South America (other than the Brazils), Africa, and the Far East (other than India, China, and Japan) the imports of 1865-6 showed an increase of ... less than one week’s consumption for all Europe... China and Japan ceased to ship anything after Middling American fell to 15d. [6.25p] per lb.

Price was the magnet, but there was a sell-by date: the end of the war. No one trusted the loyalty of the British cotton market once the magnet lost its attraction.

¹³⁸ For an evaluation of other cotton producing countries during the war, see D. Surdam, ‘King Cotton: Monarch or Pretender? The State of the Market for Raw Cotton on the Eve of the American Civil War’, *The Economic History Review*, 51.1, February 1998, pp. 123-124; also, Forwood, ‘Influence of Price’, pp. 368-371.

¹³⁹ Sexton, *Debtor*, pp. 137-138

¹⁴⁰ Jones, *Blue and Gray*, p. 208

¹⁴¹ Beckert, *Empire*, p. 258

¹⁴² Ellison, *Cotton Trade*, p. 142. See also Forwood, ‘Influence of Price’, p. 369: China was prepared to pay a higher price than Britain for raw cotton.

Despite the CSA, despite the Manchester Chamber of Commerce, despite MPs such as Bazley and Smith, it is doubtful whether more than a tiny fraction of the increase in the cotton supply from other countries came as a result of their efforts.¹⁴³ The rest was down to price. The CSA did not see it that way. “Your Committee,” it declared, “cannot but attribute a very large proportion of this increased consumption of Indian cotton to the practical measures they adopted for encouraging its use.”¹⁴⁴

This, alas, was typical: the CSA was never slow to vaunt mythical achievements. In June 1861, it declared that “your Committee ... have reason to congratulate the subscribers upon the wisdom and sound policy which originated this Association four years ago.”¹⁴⁵ The civil war has started; 80 per cent of the cotton supply is in the course of drying up; the body self-appointed to deal with this prospect has failed to find an alternative to American cotton; but let us all congratulate ourselves. “What,” the CSA continued, “would have been the present position ... had not this Association ... been familiarising the public mind with the present situation of affairs?” Not much different, one might think. Isaac Watts thought that “had there been a hearty, generous, and universal co-operation on the part of all whose interests were involved in its success, the few years which elapsed between its formation and the breaking out of the American civil war might have sufficed to secure ... immunity from the sufferings and losses which ensued.”¹⁴⁶ This was wishful thinking on a monumental scale. Ellison was blunt in his verdict: “the ... Association ... entirely failed to accomplish the laudable object they had in view.”¹⁴⁷ Ellison’s view may not have been shared by G. R. Haywood, his partner in the cotton brokerage Ellison & Haywood, and previously the Secretary of the CSA and a director of the ill-fated Manchester Cotton Company.¹⁴⁸

However, it *was* a laudable object and much can be said in the CSA’s defence. Correctly and far-sightedly, it foresaw an impending crisis for the cotton supply.

¹⁴³ Thomas Bazley’s ceaseless efforts on Manchester’s behalf led to *Vanity Fair* magazine depicting him as their personification of the city (Howe, ‘Business Community’, p. 105).

¹⁴⁴ CSA Annual Reports, JRL, OTEA, 1862, p. 9

¹⁴⁵ *Ibid.*, 1861, pp. 5-6

¹⁴⁶ I. Watts, *CSA*, p. 12

¹⁴⁷ Ellison, *Cotton Trade*, p. 142

¹⁴⁸ *Ibid.*, p. 256; Harnetty, *Imperialism*, p. 43

Admirably and unselfishly, its members took responsibility for trying to avert the crisis when no one else was doing much to help. Failure was due to circumstances beyond the CSA's control. It was too small and too impotent to effect change on the scale it sought. It lacked the experience to develop new sources of supply itself, and the political clout to compel others to do so. Cottonopolis was too associated with *laissez-faire* to make a convincing plaintiff for interventionism. It must also be remembered that, while 15 per cent of the population was dependent upon the cotton trade for its livelihood, 85 per cent was not, and that this 85 per cent was doing rather well in the 1860s.¹⁴⁹ As Richard Cobden observed in April 1863, "I think we must all confess that in a national point of view this partial breakdown in the Cotton Manufacture has been attended with less injury to the Country at large ... than we had expected... So long as food is plentiful, and the interest on money low, the nation can bear with little difficulty the derangement of any one of its manufacturing industries."¹⁵⁰

A wag at the CSA's annual meeting in 1859 suggested that "there should be a treaty between governments for securing a constant and sufficient supply [of cotton] at an unvarying price. (Laughter.)"¹⁵¹ That was exactly what Cottonopolis did want. It wanted several cotton exporting countries, all at a permanent readiness to raise their production to compensate for a temporary shortfall from any of the others. This was impossible, and against the interests of the producing countries. There needed to be a long-term equilibrium between global supply and demand. Despite short-term vicissitudes, that was more or less the case at the time.¹⁵² America was not about to cease its cultivation. Raising an equivalent or greater production from India or from anywhere else would have inundated the world market with raw cotton, depressing prices and preventing a return on the investment in new cultivation. Cottonopolis was seeking a tap it could turn on and off at its own convenience.

¹⁴⁹ W. Henderson, *The Lancashire Cotton Famine 1861-1865* (New York: Augustus M. Kelley, 1969), p. 8; Farnie, *English Cotton*, p. 168

¹⁵⁰ Quoted in Howe, *Cotton Masters*, p. 246

¹⁵¹ CSA Annual Reports, JRL, OTEA, 1859, p. 35

¹⁵² "The South has been able to keep fully abreast of the world's increasing consumption of cotton, except during the Civil War" (S. North, 'The World's Supply and Consumption of Cotton', *Textile Recorder*, 20, December 1902, p. 251).

Millions of words have been spilled on this subject. One table says everything. Table 2.2 shows the proportion of raw cotton imports to Britain at 20-year intervals from 1840 to 1900. That is, 60 years of upheavals, not least the American Civil War, and 60 years of change in the politics and industrialisation of the world. Nothing changed in terms of Britain's raw cotton supply except that, towards the end of the century, India developed a cotton manufacture that claimed most of its own raw material, and Egypt – which did not – replaced India as Britain's back-up supplier to America. And, by the way, the price of American raw cotton in Liverpool for most of the 1890s was below the 1.67p per lb that Manchester considered 'correct'.¹⁵³

Table 2.2

LONG-TERM SHARE OF BRITISH RAW COTTON IMPORTS, 1840-1900				
	<u>1840</u>	<u>1860</u>	<u>1880</u>	<u>1900</u>
America	82%	80%	75%	78%
India	13%	15%	13%	2%
Brazil	2%	1%	1%	2%
Mediterranean	1%	3%	9%	18%
Others	1%	1%	1%	1%

Source: PP, Statistical Abstracts

So Saturday afternoon came around again in 1861, and this time it lingered. It had been foreseen, but still came as a surprise. "When the fatal contest between the United and Confederate States of America unfortunately commenced," said Levi, "it found us as unprepared as ever to meet the dire calamity."¹⁵⁴ The following four or five years were to be one long Saturday afternoon in Manchester, although not necessarily in Liverpool. Those years showed that, although the cotton market may have been global in its commerce, it had yet to become global in its

¹⁵³ Mitchell & Deane, *ABHS*, p. 491

¹⁵⁴ Levi, 'Cotton Trade', p. 39. Levi, a Liverpool merchant and political economist, was responsible for refounding the Liverpool Chamber of Commerce in 1850 (R. Bennett, *Local Business Voice: The History of Chambers of Commerce 1760-2011* [Oxford University Press, 2011], pp. 262-263).

understanding. In India, the increased wartime demand for its cotton was apparently attributed to the fact that “the Queen had given every one in England new clothes” on the occasion of the wedding of the Prince of Wales in 1863.¹⁵⁵ However, members of the CSA were no better informed about circumstances in India. Neither were many people in Britain better informed about circumstances in America. Narrow, insular perspectives were broadened slowly during the war, but British comprehension had yet to catch up with its commerce. In the Southern States of America, comprehension lagged still further behind.

¹⁵⁵ Beckert, *Empire*, p. 336

3

A THREE-PHASE SUPPLY

How the cotton trade reacted to the civil war

“The first demonstration of blockade of the Southern ports would be swept away by the English fleets of observation hovering on the Southern coasts, to protect English commerce, and especially the free flow of cotton to English and French factories,” declared Colonel Chase of Florida in January 1861.¹ In the previous month, Samuel Smith – in a rare lapse of sound judgment – wrote that “famine of the raw material so often dreaded but never yet encountered in Lancashire ... is highly improbable.”² The two main losers from the civil war – the Confederate States of America and the cotton trade of Great Britain – thus greeted its approach with a confident equanimity. This took a surprising length of time to evaporate. A year later, with the war in full flow, the Confederate embargo on cotton exports and the Union blockade of cotton ports both in place, and the Lancashire mills working short time, a cotton broker could still claim that “the crisis may be a trying one, and a change in the usual sources of supply may bring with it many losses, but in a short time the gap will have closed up.”³

The war, as experienced by the cotton trade, fell into three distinct phases. The first lasted from Lincoln’s election in November 1860 until the end of June 1862. The second lasted from the beginning of July 1862 until the end of August 1864. The third lasted from the beginning of September 1864 until the end of the war in April 1865 and well beyond it. All three phases were related entirely to the American Civil War and its assorted consequences and to nothing else. This – and the fact that the consequences were so severe and so disruptive – is what justifies regarding the civil war period as anomalous within both the British and the global

¹ W. Chase, ‘The Secession of the Cotton States’, *De Bow’s Review*, Vol. XXX, January 1861, pp. 94-95

² Samuel Smith, annual CC for 1860, LRO, 380 COT/1/11/64

³ John Wrigley & Sons, annual CC for 1861, LRO, 380 COT/1/11/66

cotton trade, demanding to be treated as a separate entity. During the period of the war and after it, a temporary cotton market existed which bore little resemblance to the relatively stable market that had preceded it or would follow it. This chapter charts the course of that temporary market in the context of an evolving political and military situation.

One could compile a running commentary, month by month, of all the factors that influenced the raw cotton market during the war. This was in fact done by Maurice Williams in the monthly summaries contained in his annual circulars.⁴ Their cumulative effect is to reveal the bewildering, and often contradictory, array of factors with which the cotton market had to contend. A more comprehensive overview has been provided by Nigel Hall.⁵ It is a fine attempt to make the switchback ride of those years amenable to rational comment but, as Hall himself acknowledges, this is a difficult task. Too many factors with contradictory implications were simultaneously present in the market. The smallest event or rumour could have a disproportionate effect. Besides, the market was frequently not driven by reason but by sentiment, and sentiment could be capricious. Even when it was driven by reason, the judgments were often wrong. The market was permanently shrouded in the fog of war. The intention of this chapter is to provide a parallel narrative of the war years to the one offered by Hall, rather than to take issue with his commentary. Instead, it uses alternative primary sources to tell a complementary story, thus widening the historical understanding of the period. The main difference in approach is to treat the period as having three distinct phases. Inevitably, this is to some extent an artificial construct, but it is helpful in isolating, amidst all the confusion, the changing characteristics of the cotton market as the war developed.

The break-points between the first and second phases, and the second and third phases, are specific: to the week, almost to the day. The justification for them is provided by Figure 3.1, which charts the weekly prices of raw cotton on the Liverpool market. It can be seen that, after months of a steadily rising market, prices began to rocket at the turn of June/July 1862 and then, having reached their

⁴ Williams, *Seven Years*'

⁵ Hall, 'Civil War'

Figure 3.1

WEEKLY MOVEMENT OF RAW COTTON PRICES IN LIVERPOOL, 1861-65
(Middling Orleans)



Source: *ED*

peak in July 1864, descended just as vertiginously from the turn of August/September. Yet no single, decisive event happened at either of these points to justify such a huge change in the course of prices. Market sentiment changed. In W. F. Machin's words, "the fluctuations in the price of cotton in Liverpool can be taken as a reliable barometer registering outside opinion, first of all on the chances of war and, subsequently, its probable duration."⁶ But, since that opinion was often wrong, the barometer reliably registered only unreliability.

Rather than proceeding in strict chronology, this chapter will treat each of the three phases thematically, drawing out their main characteristics. These naturally changed over time, which is what created the three phases. However, there were some factors common to the period as a whole. The first was the opinion, held almost universally until late in the war, that it would prove impossible for the North to subdue the South and to re-establish the Union.⁷ The second was that there was

⁶ W. Machin, 'A Short History of the Liverpool Cotton Market, Part I', in *Liverpool Raw Cotton Annual* (Liverpool: Turner Routledge & Co., 1957), p. 278

⁷ D. Campbell, *English Public Opinion and the American Civil War* (Woodbridge: The Royal Historical Society, 2003), p. 102; F. Owsley, *King Cotton Diplomacy: Foreign Relations of the Confederate States of America* (Chicago University Press, 1959 [1931]), p. 558; E. Adams, *Great Britain and the American Civil War* (Project Gutenberg EBook #13789) (London: Longmans, Green and Company, 1925), pp. 266-267; M. Beloff, 'Great Britain and the American Civil War',

no means of knowing when the war would end.⁸ The third was the belief that, when it did end, an abundance of pent-up American stocks would be sent to Britain and prices would collapse.⁹ These opinions were of crucial importance to the behaviour of the cotton trade throughout the war. To them should be added a fourth consideration. As the last chapter showed, the main source of British raw cotton in the war years was India. That country, together with China, which also supplied raw cotton to Britain during the war, were two of the main markets for British cotton manufactures. Shipping times between Britain and Asia were from four to six months. Consignments in either direction – to Britain for raw cotton, to Asia for cotton goods – would not arrive until at least four months after their despatch. At no stage of the civil war was there a certainty that hostilities would last that long. Anyone with a financial stake in either type of consignment, unless they were fully protected against a fall in its value, and certain that they would receive payment, was gambling on the fact that the war would last a further four to six months. When these four factors are taken together, it can be seen that all parts of the global cotton trade needed to operate what would today be called a just-in-time policy. The holding of stock, unless as a deliberate act of speculation, carried an unacceptable risk. It was this fact, just as much as the inflated prices, that gave the worldwide cotton market its temporary nature throughout the war.

The primary sources for this chapter are principally the circulars of the Liverpool cotton brokers and of the Neill brothers, and the pages of the *Liverpool Mercury*. Little of this material has been studied by Hall and, while it may not offer a superior perspective, it offers an expanded one. All the sources are valuable to this study because they were written in the moment, and the moment changed with bewildering rapidity. They represent a series of snapshots over a 5-year period by a group of well-informed people who were trying to make sense of a volatile

Historical Revision, No. CXVIII (February 1952), p. 46; the *Liverpool Mercury* published this assertion, *inter alia*, on 8 January, 30 April, 7 May, 2 August, 22 November 1861, 24 March, 19 May, 30 August, 30 December 1862, 28 April, 6 August, 10 December, 31 December 1863, 29 March, 21 June, 20 July, 1 August, 5 September 1864. It was shared by many who supported the North (*Liverpool Mercury*, 4 October 1862).

⁸ The *Liverpool Mercury* predicted the imminent end of the war, on the basis of Confederate success, on 30 April, 19 July, 28 July, 8 August, 10 October 1862, 6 February, 10 July 1863, 24 August, 22 September 1864.

⁹ Owsley, *King Cotton*, p. 140; *Liverpool Mercury*, 18 December 1862, which said that “all parties in the cotton trade work and trade with an avalanche hanging over their heads.”

scenario, but were often wrong. A greater perspective is offered by secondary sources, but these are generally absent for the cotton trade. However, three works in particular illuminate the course of British public opinion during the war.¹⁰ Four others discuss the political and diplomatic relationships between Britain and both protagonists, as well as the Confederacy's attempted use of cotton as an instrument of war.¹¹ A further study blends public and political opinion in a single book.¹²

It is not within the scope of this thesis to consider the causes of the American Civil War. However, the *Mercury* greeted election day with the headline "Slavery Doomed",¹³ while Congressman Alfred Iverson, Georgia, proclaimed that "it is the intention of the black Republican party to use the forms of government to extinguish the system of slavery, and we do not intend to wait till we are so weak that we cannot resist."¹⁴ However, a war about slavery was necessarily also a war about cotton. Slavery and cotton were so inextricably linked that this could not fail to be the case. There was resentment in the South that so much of its cotton income ended up in the hands of Northern banks and merchants – about 40 per cent by two estimates.¹⁵ As one Southerner colourfully put it, "the South [feeds] from her own bosom a vast population of merchants, shipowners, capitalists, and others, who without the claims of her progeny, drink up the life-blood of her trade."¹⁶ The fact that this situation resulted largely from Southerners choosing to invest most of their capital in purchasing more slaves, rather than in developing the commercial infrastructure of their States, was ignored.¹⁷

The emotions and perceived grievances that created the clamour for secession needed a plausible strategy for it to be successful. Cotton was again the

¹⁰ M. Ellison, *Support for Secession: Lancashire and the American Civil War* (Chicago University Press, 1973); P. Foner, *British Labor and the American Civil War* (New York: Holmes & Meier, 1981); R. Blackett, *Divided Hearts: Britain and the American Civil War* (Alexandria, LA: Louisiana State University Press, 2001)

¹¹ Adams, *Great Britain*; J. Sexton, *Debtor Diplomacy: Finance and American Foreign Relations in the Civil War Era 1837-1873* (Oxford University Press, 2005); Jones, *Blue and Gray*; Owsley, *King Cotton*

¹² Campbell, *Public Opinion*

¹³ *Liverpool Mercury*, 6 November 1860

¹⁴ *Ibid.*, 26 December 1860

¹⁵ D. Cohn, *The Life and Times of King Cotton* (Oxford University Press, 1956), p. 85; P. Foner, *Business & Slavery: The New York Merchants and the Irrepressible Conflict* (Chapel Hill, NC: University of North Carolina Press, 1941), p. 7

¹⁶ *De Bow's Review*, Vol. IV, Issue 3 (November 1847), p. 340

¹⁷ Woodman, *King Cotton*, pp. 139-153

key. The phrase ‘cotton is king’ was first used in the title of an 1855 book by David Christy.¹⁸ Thereafter, the unchallengeable power of King Cotton was proclaimed throughout the South. The belief that a lack of cotton would force Britain and France to intervene in any civil war on its behalf, despite slavery, was an inviolable principle of Southern policy-making.¹⁹ After the war, Jefferson Davis’s widow wrote that her husband had regarded foreign recognition as an assumed fact.²⁰ “Why, sir,” said a fellow diner to William Howard Russell of *The Times* at Charleston in April 1861, “we have only to shut off your supply of cotton for a few weeks and we can create a revolution in Great Britain... No sir, we know that England must recognize us.”²¹ In June 1861, the *Charleston Mercury* declared that “the cards are in our hands, and we intend to play them out to the bankruptcy of every cotton factory in Great Britain and France, or the acknowledgment of our independence.”²² Some Northerners shared that opinion. In June 1861, Alexander Schultz, Henry Neill’s future father-in-law, bet William Seward that “[England] will knock every blockading craft at Charleston into kingdom come if the blockade is continued one hour beyond December next.”²³

Scott Marler has referred to the King Cotton strategy as “a sort of faith-based foreign policy”.²⁴ However, the faith did have a grounding in reality. The conviction of the South in the potency of American cotton stemmed from a parallel conviction in Britain. Henry Ashworth told a meeting of the Society of Arts in 1858 that “the entire failure of a cotton crop, should it ever occur, would utterly destroy, and perhaps for ever, all the manufacturing prosperity we possess.”²⁵ What Southerners failed to notice was that pronouncements of this nature invariably came from British cotton manufacturers, and from the politicians connected to them, who were just as one-eyed about cotton as the Southerners were themselves. In 1861, W. H.

¹⁸ Owsley, *King Cotton*, p. 15

¹⁹ *Ibid.*, pp. 15-23; Cohn, *Life and Times*, pp. 121-124; Adams, *Great Britain*, pp. 223-241; Schoen, *Fragile Fabric*, p. 10

²⁰ Owsley, *King Cotton*, p. 19; P. Augar, ‘The Cotton Famine, 1861-5: A Study of the Principal Cotton Towns during the American Civil War’ (unpublished Ph.D. thesis, University of Cambridge, 1979), p. 1

²¹ W. Russell, *My Diary North and South* (Boston: Burnham, 1863), p. 118

²² *Charleston Mercury*, 4 June 1861, quoted in Adams, *Great Britain*, p. 224

²³ *London Standard*, 20 July 1861

²⁴ Marler, ‘Merchant Capitalist’, p. 263

²⁵ H. Ashworth, ‘Cotton’, p. 262

Russell observed that “Liverpool and Manchester have obscured all Great Britain to the Southern eye.”²⁶ In Jay Sexton’s words, “Confederate leaders ... failed to grasp that unlike their economy, which was based almost solely on one commodity, Britain and France were economically diverse nations that could endure problems in their textile industries... While [they] ... were able to survive, if not prosper, during the tumultuous war years, the singular economy of the Confederacy collapsed under the weight of its unexported cotton.”²⁷

The South therefore embarked on secession on the assumption that British support was a foregone conclusion. Meanwhile, the British cotton trade suffered from its own delusions: that there would be no war and that, if there was one, it would not last long. “Even the fall of Fort Sumpter [*sic*],” wrote John Watts, “great as was the result in America, caused very little emotion on this side of the Atlantic, for nobody believed in the possibility of war in North America. It seemed to be the universal opinion that either some agreement to continue the union would be arrived at, or that the Southern States would be allowed peacefully to set up a government of their own.”²⁸ As the Liverpool satirical magazine, the *Porcupine*, put it a few months later, “most Liverpool men appear to be under the impression that neither North nor South have the slightest right to go to war, because their going to war may possibly inconvenience Lancashire.”²⁹ This was a creeping crisis. What began as unthinkable first became possible, then likely, and finally certain. So the first phase began.

The prevailing belief in the early months of the first phase (November 1860 to June 1862) was that any war would be short-lived and would have a minimal effect on trade, whoever won it. As late as January 1862, leading spinners such as Henry Ashworth, Hugh Mason and John Platt did not believe there would be a crisis of supply.³⁰ The general belief was that the North would be compelled to acquiesce in the independence of the South. *The Economist* declared that “everyone knows and admits that the secession is an accomplished, irrevocable, fact... Even if the North

²⁶ Russell, *My Diary*, p. 118

²⁷ Sexton, *Debtor*, pp. 138-139

²⁸ J. Watts, *Facts*, p. 104

²⁹ *Porcupine*, 9 November 1861

³⁰ Redford, *Manchester*, p. 247

were sure of an easy and complete victory – short, of course, of actual subjugation of the South (which no one dreams of) – the war which was to end in such a victory would still be ... an objectless and unprofitable folly.”³¹ Smith wrote that, during March and April 1861, “the political situation of America still exerted little influence on the [raw cotton] market, the general opinion being that the Secession of the Southern States would be peaceably effected.”³² In their annual circulars at the end of 1861, cotton brokers placed more emphasis on the alleged impossibility of the task the North had set itself than on the challenges faced by the South.³³ Besides which, the South needed only not to lose the war; the North needed to win it. “Hardly any foresaw that the greatest crisis in the cotton trade was at hand,” wrote Smith later. “I remember as though it were yesterday the confident predictions that the war would be over in ninety days!”³⁴ As a result, the trade was not unduly worried: cotton stocks would last longer than ninety days.³⁵

The outbreak of hostilities in April 1861 thus made little immediate difference to the raw cotton market. American shipments through to the end of July were below the exceptionally high level of 1860, but not by very much.³⁶ They then ceased, more or less overnight (Figure 3.2). America’s share of British raw cotton imports plummeted from around 80 per cent to not much more than zero in a single month: August 1861. That share did not start to recover substantially until after the war had ended in April 1865. Lincoln had announced the Union’s blockade of Southern ports on 16 April, but it took several months to become effective. Although, by July, most of the American crop of 1860-61 had been shipped, not all of it had left the South. In fact, at least 16 million lbs of cotton remained in Southern ports on 1 September 1861.³⁷ What caused the abrupt cessation of supply was neither the blockade nor the completed shipment of the old crop, but the actions of Southerners through their concerted embargo on cotton exports. In July 1861,

³¹ *The Economist*, 18 May 1861

³² Samuel Smith, annual CC for 1861, LRO, 380 COT/1/11/66

³³ LRO, end-of-year circulars, 1860 and 1861

³⁴ Smith, *My Life-Work*, p. 34

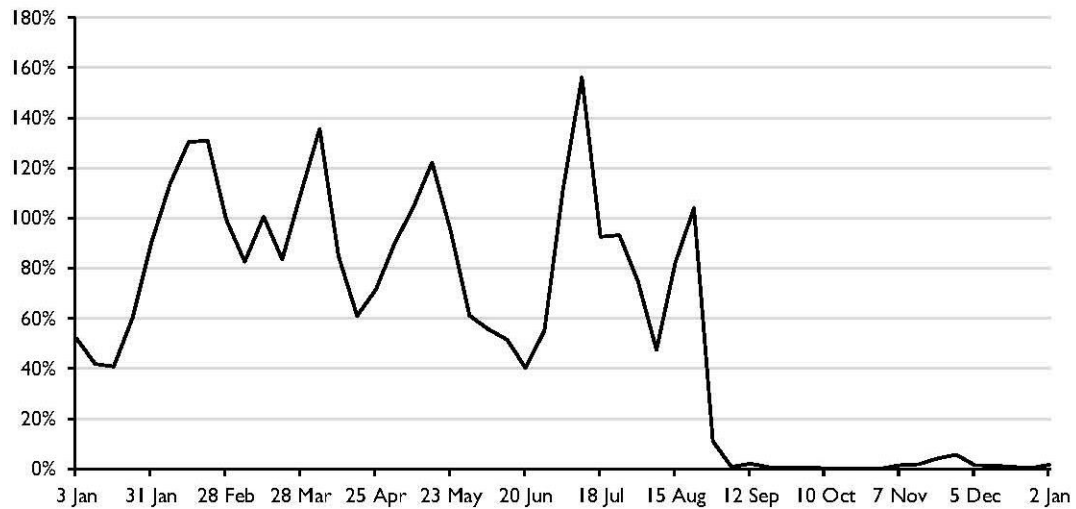
³⁵ Adams, *Great Britain*, p. 174; see Chapter 4 for a full discussion of stock levels.

³⁶ Donnell, *Chronological*, pp. 508-509

³⁷ Anonymous, ‘American Cotton Crops and Prices, 1857-61’, *Journal of the Statistical Society of London*, 24.4 (December 1861), pp. 595-597; according to Ezekiel Donnell, it was more than double this amount – about 36 million lbs (Donnell, *Chronological*, p. 507).

Figure 3.2

COLLAPSE OF COTTON IMPORTS FROM AMERICA, AUGUST 1861
(4-week moving lb totals; 1861 as % of 1860)



Source: ED

“130 of [New Orleans’s] most prominent cotton merchants”³⁸ wrote to the planters they represented as follows:³⁹

The undersigned Cotton Factors in the city of New Orleans ... recommend to their various customers and correspondents not to ship any portion of their crops of cotton to this city, or to remove it from their plantations, until the blockade is fully and entirely abandoned, of which due notice will be given.

The Neill brothers, who printed this letter in their circular, attempted to warn the British trade what lay ahead:⁴⁰

Strange and almost incredible as it may appear, it is nevertheless the fact that it is the deliberate intention of the American Governments – both North and South – to seal up the new cotton crop, so that not a bale of it ... shall leave the plantations during the continuance of the war. The North believes that the need of money will bring the South to terms; the South is just as firm in the faith that the need of cotton will bring the North to terms, or lead the European Governments to interfere.

³⁸ S. Marler, *The Merchants' Capital: New Orleans and the Political Economy of the Nineteenth-Century South* (Cambridge University Press, 2013), p. 137

³⁹ Quoted in the Neill Bros circular of 21 August 1861 (*Glasgow Daily Herald*, 23 August 1861)

⁴⁰ Neill Bros circular of 21 August 1861 (*Glasgow Daily Herald*, 23 August 1861)

The embargo is sometimes referred to as if it was the policy of the Confederate Government, but it was not. Marler has demonstrated that it was the merchants of New Orleans who instigated the embargo, followed soon after by those in Mobile, Savannah and Charleston.⁴¹ They acted against the wishes of Jefferson Davis's Government, which feared accusations of attempted blackmail and acknowledged the embargo only as a *fait accompli*.⁴² In Marler's words, "with their deep-seated belief in King Cotton thus shaken but not yet abandoned, the merchants of New Orleans responded as do many religious groups when their devotion seems challenged by events: they took a more aggressive approach toward propagating their faith."⁴³ When some of the city's merchants continued to receive cotton, a group of factors persuaded the Governor of Louisiana to make the importation of cotton into New Orleans a criminal offence,⁴⁴ while the Confederate Congress ordered the burning of thousands of bales of cotton at Southern ports.⁴⁵ The embargo was lifted informally during 1862, by which time cotton was the only international currency the Confederacy possessed. Meanwhile, the Union had sealed the ports of the Gulf of Mexico and had captured New Orleans, although not before tons of raw cotton had been burnt on its quaysides.⁴⁶ By that time, the North's blockade of the few Atlantic ports in the South with adequate harbours was sufficiently effective to ensure that little cotton left those ports for the duration of the war. In August 1861, the Neills again alerted the trade to the dangers it faced:⁴⁷

The question ... portends ... not only individual ruin, but the national calamity of a great population being thrown out of employment without other means of existence, and yet this fearful emergency does not seem to be appreciated... The all but universal idea among merchants and spinners in this country ... is that the North is not in earnest in the idea of re-conquering the South... We beg to say, most unhesitatingly, that the sooner this idea is abandoned, the better it will be for the merchants, spinners and operatives of this country.

⁴¹ Marler, 'Merchant Capitalist', pp. 248, 264-267

⁴² Owsley, *King Cotton*, pp. 29-30

⁴³ Marler, 'Merchant Capitalist', p. 264

⁴⁴ Marler, *Merchants' Capital*, p. 138

⁴⁵ E. Dattel, 'Cotton, the Oil of the Nineteenth Century', *The International Economy* (Winter 2010), p. 62

⁴⁶ C. Dufour, *The Night the War was Lost* (Lincoln, NE: University of Nebraska Press, 1990), p. 290

⁴⁷ Neill Bros circular of unknown date (*Daily Alta California*, 9 September 1861)

From July 1861, the Neills were adamant that the war would last at least a year, that little American cotton would reach Britain while it lasted, and that manufacturers should move to short-time working immediately to eke out stocks and prevent a calamity. They also urged a substantial price rise to encourage supplies from other sources, especially India. In October 1861, they stated that “the North cannot give up the conflict till convinced of its utter hopelessness.”⁴⁸ Writing from New York in December 1861, William Neill complained that:⁴⁹

The letters from Liverpool show that very mistaken notions prevail there as to the probable receipts of cotton during the remainder of the present season. The presumption appears to be that the bulk of the crop would be shipped. Here, the opposite extreme of opinion prevails.

The opposite extreme of opinion proved to be correct.

The early attitude of the British Government to the conflict was much the same as the attitude of the press and of the cotton trade. Earl Russell, the Foreign Secretary, did not expect the war to last long, nor did he expect the North to win it. “The best thing now,” he wrote to the British Ambassador in Washington, Lord Lyons, in January 1861, “would be that the right to secede should be acknowledged, & that there should be a separation.”⁵⁰ “I suppose,” he wrote to Lyons 12 days later, “the break-up of the Union is now inevitable.”⁵¹ Queen Victoria proclaimed Britain’s neutrality on 13 May 1861: “We, being at peace with the Government of the United States, have declared our royal determination to maintain a strict and impartial neutrality in the contest between the said contending parties.”⁵² There followed a long list of activities prohibited to British citizens, the more sensitive of which subsequently proved to be unenforceable at law.

The Union made a calamitous start to the war as far as obtaining British sympathy was concerned. It denied that slavery had anything to do with the conflict, meaning that, in the words of one study, “Northerners had to overcome an apparent piety deficit.”⁵³ Many in Britain shared the sentiment of Giuseppe Garibaldi

⁴⁸ Neill Bros circular of 26 October 1861 (*Liverpool Morning Post*, 9 November 1861)

⁴⁹ Neill Bros circular of 19 December 1861 (*Liverpool Morning Post*, 4 January 1862)

⁵⁰ Russell Papers, Russell to Lyons, Public Record Office, 30/22/96, 10 January 1861, quoted in Sebrell, ‘Civil War’, p. 1

⁵¹ Lyons Papers, Russell to Lyons, January 22 1861, quoted in Adams, *Great Britain*, p. 36

⁵² *London Gazette*, 14 May 1861

⁵³ N. Onuf & P. Onuf, *Nations, Markets, and War: Modern History and the American Civil War* (Charlottesville, VA: University of Virginia Press, 2006), p. 340

that, if the war was not about slavery, it was merely an “intestine war” over territory and sovereignty, “like any civil war in which the world at large could have little interest or sympathy”.⁵⁴ Then the North enacted the Morrill tariff, a protectionist measure that substantially raised the duties on British imports. This alarmed even Northern supporters in Britain, including the staunchly Unionist John Bright.⁵⁵ The North had a press, especially in New York, that was vitriolically anti-British and a Secretary of State, William Seward, who was portrayed as scarcely less so.⁵⁶ It suspended *habeas corpus* and introduced restrictions on civil liberties, which in Britain were evidence of a tyranny.⁵⁷ At the same time, the Confederacy set out to obfuscate the issues. It played on Britain’s attachment to free trade to claim that this, rather than slavery, was the cause for which it fought – an argument made more persuasive by the adoption of the Morrill tariff.⁵⁸ This claim was later demolished in a speech by Richard Cobden in November 1863:⁵⁹

The Slave States were invited by the Free States [in January 1861] to say what it was they wanted, and from the beginning to the end of those 40 pages of a report of that council not one syllable was said about either the tariff or taxation. On the contrary, from the beginning to the end there was not a grievance that was alleged by the South which was not altogether connected with the maintenance of slavery.

The issue of slavery, which should have been the North’s trump card in a Britain that was almost unanimously abolitionist and in thrall to Harriet Beecher Stowe’s account of it in *Uncle Tom’s Cabin*, did not necessarily act in its favour.⁶⁰ Apart from the fact that Lincoln’s Government denied any intent to end slavery, it was believed by many, including Northern supporters such as John Stuart Mill, that an independent South would be obliged to emancipate its own slaves.⁶¹ Then, in November 1861, a Federal naval captain, acting on his own initiative, intercepted

⁵⁴ Quoted in D. Doyle, *The Cause of All Nations: An International history of the American Civil War* (New York: Basic Books, 2015)

⁵⁵ M.-W. Palen, *The ‘Conspiracy’ of Free Trade: The Anglo-American Struggle over Empire and Economic Globalisation, 1846-1896* (Cambridge University Press, 2016), pp. 33-43; Blackett, *Divided Hearts*, p. 21; Sexton, *Debtor*, p. 92

⁵⁶ Campbell, *Public Opinion*, pp. 17-18

⁵⁷ *Liverpool Mercury*, 28 June 1861; Campbell, *Public Opinion*, p. 104

⁵⁸ Palen, ‘Conspiracy’, pp. 43-47; Huzzey, *Freedom Burning*, pp. 22-24

⁵⁹ *Liverpool Mercury*, 25 November 1863

⁶⁰ Huzzey, *Freedom Burning*, pp. 21-24

⁶¹ *Ibid.*, p. 29; Boyson, *Ashworth*, p. 235

the British mail packet *Trent* and removed two Confederate diplomats. Feverish support for this action in America, and outraged opposition to it in Britain, nearly led to war with the Union.⁶²

Much though Britain's lack of sympathy infuriated the North, it was the South that needed Britain's outright support, while the North – although it also wanted it – needed only Britain's abstention. Palmerston put it perfectly when he said that each side “sue us like rivals who sue a fair damsel – each party wanting us to take up her cause, and each feeling some little stinging resentment on account of that neutrality which they both of them in some degree characterise as unfriendliness”.⁶³ A perspective on America's understanding of British attitudes was provided by an English merchant, who toured the Confederate states in 1862. He summarised the Southern view of Britain's attitude to the conflict:⁶⁴

We believe the *people* of England is with us; but your aristocracy, which hates a democracy; your capitalists, who hold United States and Northern Stocks; your Manchester men, who are making money out of their stocks of manufactured and raw cotton; your Sheffield men, who are selling steel to the Northern Government; your Birmingham men, who are selling rifles, swords, and bayonets; your Huddersfield, Leeds, &c. men, who are selling shoddy clothes; and your shipowners, into whose hands our Alabamas, &c. are throwing all the carrying-trade of the world – all these classes, who are all-powerful in England, are against us.

Ironically, this was mostly the Northern view of British attitudes to the conflict too.

In October 1861, the cotton trade began to feel the first effects of the war, when production was cut by a third.⁶⁵ As will be explored in Chapter 5, this was not the result of pre-war over-production, but neither was it the result of a shortage of cotton: stocks were still plentiful. Instead, it was the result of a paralysis of demand, caused by confusion over the future. However, the war was still not expected to last much longer. As late as March 1862, Earl Russell was “expressing an expectation that the civil war may be concluded within three months”.⁶⁶ According

⁶² Sexton, *Debtor*, pp. 95-104

⁶³ *Liverpool Mercury*, 31 March 1863, reporting a speech by Palmerston in Glasgow on 30 March

⁶⁴ W. Corsan ('an English Merchant'), *Two Months in the Confederate States* (London: Richard Bentley, 1863), p. 196

⁶⁵ Williams, *Seven Years*, 1860, p. 8; Redford, *Manchester*, p. 246

⁶⁶ *Leeds Mercury*, 14 March 1862

to the Neill brothers, this sentiment was universal: “differing on every point, the partizans of both sides in the contest agreed ... that the war would be speedily over. Thirty to sixty days were generally assigned for its termination, and the longest term granted was ninety days.”⁶⁷

In February 1862, the Neills had again disputed this viewpoint in a circular reprinted at length in *The Times*.⁶⁸

It is pleasant to take a hopeful view – to believe that by foreign intervention, by a relaxation of the blockade, by a great victory on one side or the other, by financial pressure, or in some unforeseen way, peace may be restored and trade resume its former conditions. But what are the consequences of all this talk? They are simply a rapid acceleration of the ruin of the country’s greatest manufacturing interest, and a prolongation of the suffering of the operatives.... As to the duration of the war, ... we have never had but one opinion – viz., that ... the war would be a protracted one, and only be concluded when one or other of the combatants should be utterly exhausted. To determine when that point will be reached is the sole problem.

The Times, in a sarcastic and patronising commentary on the Neills’ circular, made clear its opinion that the North could not and would not sustain the war.⁶⁹

It was not surprising, therefore, that during this first phase, the cotton trade was close to being petrified: manufacturers, wholesalers and the export trade waited for the war to end, for normal service to be resumed. Movement in any direction was fraught with danger, so all sectors of the global trade sold from stock. By the second half of 1862, the world’s pipeline of cotton goods was close to being drained. The supplies of American raw cotton in Liverpool had been used up. The stocks of yarn and piece goods, in Lancashire and abroad, were fast reducing. Most that had been produced at the old, pre-war prices had been disposed of, although it took to the end of the year for this process to be completed.⁷⁰

⁶⁷ Neill Bros circular of 23 May 1862 (*Manchester Courier*, 24 May 1862)

⁶⁸ *The Times*, 17 February 1862

⁶⁹ The coverage of *The Times* was dismal throughout the war: wrong on almost every count. Such was the anger at the newspaper that two diatribes against it were published: L. Stephen, *The Times on the American War* (London: William Ridgway, 1865); G. Putnam, ‘The London Times and the American Civil War’, *The Magazine of History with Notes and Queries*, 22 April 1916.

⁷⁰ Annual CCs for 1862: James Howell & Sons, Marriott & Co., Newall & Clayton, Robson & Eskrigge, LRO, 380 COT/1/11/67; annual CCs for 1863: Cowie, Smith & Co., Mayall & Andersson, James Howell & Sons, LRO, 380 COT/1/11/68; Farnie, *English Cotton*, p. 162

It is no coincidence that these circumstances should prompt the first huge spike in prices, and usher in the second phase of the war (July 1862 to August 1864). Between June and October 1862 the price of raw cotton doubled. By June, it had become generally believed that “a very incorrect opinion had been entertained respecting the civil war in America”, and that “too high an estimate had been formed of the ability of India to increase her supply of Cotton.”⁷¹ At last convinced of the impending scarcity, the cotton trade over-reacted. Prices soared; speculation in the raw cotton market became rampant. In mid-July 1862, the Neills reported that “during the past few weeks the awakening of the cotton trade to a due sense, perhaps a somewhat exaggerated sense, of the situation has been sudden and extraordinary.”⁷² The realisation set in that the crisis would be protracted and that, while it lasted, a different trade would need to be constructed. Commentators did not see this clearly at the time. They related what they saw to what they were familiar with, but that relationship had been broken. As a result, their judgments – and sometimes those of later historians – often made little sense.

At the same time as the perceptions of the cotton trade changed, there was a change in the world of politics. In both cases, the shift was due to a realisation that the war would not end soon. In the cotton trade, this led to an escalation in prices. In the British Government, it led to serious contemplation of an intervention in the war. This could have come in a variety of forms: direct military action through the breaking of the Union blockade by the Royal Navy, recognition of the Confederacy as an independent nation, an offer to mediate in the conflict or, without mediation, the proposal of an armistice.⁷³ Although only the first of these options implied military action, any of the others might have led to war with the North. The Union maintained that there was no war in America, merely an internal rebellion which needed to be suppressed. In that case, mediation in any form was tantamount to recognition of the South and could be taken as an act of aggression towards the North.⁷⁴

⁷¹ Williams, *Seven Years*, 1862, p. 30

⁷² Neill Bros circular of 15 July 1862 (*Liverpool Morning Post*, 18 July 1862)

⁷³ Owsley, *King Cotton*, p. 1. British abolitionists complained that intervention was mooted only in ways that would benefit the Confederacy, never the Union (*Earl Russell and the Slave Power* [Manchester: The Union & Emancipation Society, 1863]).

⁷⁴ M. Ellison, *Support*, p. 150

Numerous historians have pored over the entrails of what individual members of the British Government thought about the merits of intervention. The same minister could have contradictory opinions at different times, or even at the same time. Selective quotations can be used to advance almost any case. Yet the unassailable fact is that the Government did not intervene. Henry Adams, the son of the United States Minister to Britain, was told by Lord Granville that only three ministers certainly favoured recognition of the Confederacy.⁷⁵ The problem was that the supposed three were the most powerful: Palmerston, the Prime Minister; Russell, the Foreign Secretary; Gladstone, the Chancellor of the Exchequer. If that had been true, between them they could probably have forced recognition through the Cabinet. It is perhaps this perception that led Howard Jones to assert that, in June 1862, “recognition of the Confederacy seemed a certainty.”⁷⁶ But little in his own evidence, and nothing in that of Duncan Campbell, who has also researched the matter extensively, could justify such an unqualified claim.⁷⁷

There is evidence that Gladstone and Russell both held pro-Southern views.⁷⁸ Gladstone expressed his publicly in late 1862.⁷⁹ He had already said that “the Northern States ... have undertaken a military enterprise of enormous difficulty... It is all but impossible that [their] military object should be effected.”⁸⁰ In the second half of 1862, both men supported intervention.⁸¹ This would have taken the form of an offer of mediation, based on an acknowledgement of the *de facto* existence of Southern independence.⁸² There is evidence that Russell was motivated by humanitarian concern, rather than by a desire for Britain to become embroiled in the conflict.⁸³ As Campbell has pointed out, both in the scale of its carnage and in

⁷⁵ H. Adams, *The Education of Henry Adams* (Boston: Houghton Mifflin, 1918), p. 154

⁷⁶ Jones, *Blue and Gray*, p. 170

⁷⁷ Campbell, *Public Opinion*, pp. 163-179

⁷⁸ T. Sebrell, *Persuading John Bull: Union and Confederate Propaganda in Britain, 1860-65* (Lanham: Lexington Books, 2014), p. 88; M. Ellison, *Support*, p. 126

⁷⁹ Gladstone's speech in Newcastle, reported in full by the *Liverpool Mercury*, 9 October 1862

⁸⁰ Speech to the Manchester Chamber of Commerce, reported in the *Liverpool Mercury*, 25 April 1862

⁸¹ Jones, *Blue and Gray*, pp. 253-284

⁸² Campbell, *Public Opinion*, p. 177

⁸³ H. Jones, *Union and Confederate Diplomacy During the Civil War*, <<http://www.essentialcivilwarcurriculum.com/union-and-confederate-diplomacy-during-the-civil-war.html>> [accessed 7 October 2017]

the suppression of civil liberties, this war was more a precursor of the wars of the twentieth century, especially the First World War, than an exemplar of wars from the preceding decades.⁸⁴ It is not surprising that a Liberal Foreign Secretary of the most powerful nation on earth should wish to intervene to end the bloodshed. He had believed that the war would be over in a few months. By mid-1862, it had continued for a full year, with no end in sight. There was surely a moral imperative to help bring it to an end. But Russell and Gladstone could not convince Palmerston, and they could not convince the Cabinet. The true feelings of Palmerston, as so often, were opaque. In September 1862, he wrote to Russell supporting recognition of the Confederacy as an independent nation.⁸⁵ However, whenever a decision needed to be taken, he did not support it.⁸⁶ Campbell and Max Beloff have both concluded that Palmerston was principally responsible for the decision not to intervene.⁸⁷

It cannot be maintained that “recognition of the Confederacy seemed a certainty.” At no critical time was it a course supported by the Prime Minister or by more than one or two of the Cabinet. Intervention was never a likely option, and British neutrality – as Britain understood it, which was not how either side in America understood it – was not in doubt either. Had Britain wanted to intervene, it had three specific excuses – the *Trent* affair; the inefficacy of the blockade; the harassment of British ships at Nassau – and several more general ones, for doing so. One cannot, therefore, sustain Karl Marx’s case that only the pressure of the working class prevented the Government from going to war on behalf of the Confederacy.⁸⁸ Even if that pressure had existed in any substantial form, which it did not, it would merely have been urging what was already Government policy.⁸⁹ It is surely significant that the Conservative Opposition did not dissent from the Government’s approach, or attempt in any way to undermine it.⁹⁰

⁸⁴ Campbell, *Public Opinion*, p. 104

⁸⁵ Sebrell, ‘Civil War’, p. 9

⁸⁶ H. Jones, *Union in Peril: The Crisis over British Intervention in the Civil War* (Chapel Hill, NC: University of North Carolina Press, 1992), p. 135

⁸⁷ Campbell, *Public Opinion*, pp. 240-241; Beloff, ‘Great Britain’, p. 41

⁸⁸ K. Marx, Address to the First International, London 1864, cited in Foner, *British Labor*, p. 13

⁸⁹ Foner, *British Labor*, p. 8

⁹⁰ Campbell, *Public Opinion*, p. 150

Public opinion of the conflict was similarly obscure and multi-faceted and has proved equally amenable to the prejudices of historians who have tried to unravel it. The historiography of the traditional interpretation of British opinion is summarised in the introduction to Campbell's study.⁹¹ This tradition presents the Establishment and much of the middle class as almost uniformly pro-South, and the working class as almost uniformly pro-North. In both cases, these opinions were held to derive from class interests. Alternative opinions had existed for a long time, but were largely ignored until the publication of Mary Ellison's book in 1973.⁹² Ellison argued that, far from supporting the Union, majority support in Lancashire was for the Confederacy, accentuated in the towns that suffered most from the famine. While she is now felt to have overstated her case and to have failed to establish her main conclusion, she cast sufficient doubt on the traditional view, epitomised by Philip Foner, to make any dogmatic return to it unsustainable.⁹³ At the heart of her argument is the claim that the self-interest of the cotton operatives determined their reaction to the war. Yet nowhere does she examine what that self-interest was, simply assuming that it must have led to support for the South. She asserts that "to the impoverished spinning towns recognition [of the Confederacy] was a far more certain path to peace and cotton."⁹⁴ Yet, as *The Economist* pointed out, "mere recognition would ... not shorten hostilities; it would get us no cotton; it would not relieve our manufacturing districts."⁹⁵ This was self-evidently true. The real self-interest of the cotton operatives lay in a speedy end to the war. From that point of view, it was immaterial which side won.

The most recent study of the issue, and the most convincing, is by R. J. M. Blackett.⁹⁶ The problem faced by historians of the subject is how to answer a quantitative question – how many people supported each side, both nationally and within sub-groups? – when there are no quantitative data available. Blackett manages to avoid this pitfall and to eschew dogmatic conclusions. The main points

⁹¹ Campbell, *Public Opinion*, pp. 2-8

⁹² M. Ellison, *Support*

⁹³ The conclusion to be drawn from Blackett, *Divided Hearts* and Campbell, *Public Opinion*

⁹⁴ M. Ellison, *Support*, p. 191

⁹⁵ *The Economist*, 4 July 1863, pp. 732-733, quoted in Campbell, *Public Opinion*, p. 172

⁹⁶ Blackett, *Divided Hearts*

he establishes, none of which is easy to refute, are that the British public was well informed about the war and animated by it; that there was a deluge of meetings and pamphlets and petitions, few of them spontaneous, but organised by partisans of the two sides; that allegiances did not always follow class or religious ties, but that they mostly did; that the press was not as strongly anti-Union as has been portrayed; and that, while considerable support existed for both sides, the North enjoyed most of it, even in Lancashire, although opinion was more divided there.⁹⁷ There may now be a more nuanced understanding of the issues, and more of a consensus.

There are, amidst the contradictions, two things that can be said with reasonable certainty about public opinion. The first is that Lincoln's Emancipation Proclamation, announced on 22 September 1862 and effective from the beginning of the following year, had a significant effect in Britain. The ending of slavery had now become a war aim. The favourable reaction to it was not unanimous: sections of the press saw it as a cynical manoeuvre and one that would have the effect, and perhaps had the intention, of fomenting a servile insurrection.⁹⁸ The *Mercury* initially described the Proclamation as "a formal invitation of the Federal Government to the negroes to rise against their masters and their families... It is not an act of mercy and humanity to the negroes, but an act of hatred and vengeance against their masters."⁹⁹ The next day it changed its mind: "this is ... a gain to humanity and freedom... This horrible war will not have been an unmixed evil... It is to be hoped that this tardy, hesitating, and imperfect act of homage to human rights may survive the political exigencies which have dictated it."¹⁰⁰ In the end, the Proclamation did tilt public opinion decisively towards the North.¹⁰¹ It also cemented the second point. Few people in Britain, apart from a handful of pro-Southern zealots, could ever convince themselves that intervention in the war, whatever form it took, was

⁹⁷ Philip Augar also disagreed with Mary Ellison's methodology and findings. He concluded that most of the Lancashire cotton workers supported the North, except in Oldham and some of the smaller towns, while their employers mostly supported the South (Augar, 'Cotton Famine', pp. 16, 237-243, 296). Earl Russell believed that there was majority support for the North in the country (*Liverpool Mercury*, 28 September 1863).

⁹⁸ Huzzey, *Freedom Burning*, p. 24

⁹⁹ *Liverpool Mercury*, 7 October 1862

¹⁰⁰ *Ibid.*, 8 October 1862

¹⁰¹ Neill Bros circular of 10 January 1864 (*Manchester Courier*, 10 January 1864); Campbell, *Public Opinion*, p. 125; G. Searle, *Morality and the Market in Victorian Britain* (Oxford: Clarendon Press, 1998); Olusoga, *Black and British*, pp. 363-364

in the national interest, or that there was any practical alternative to neutrality. After the Proclamation, intervention ceased to be a viable option for the Government, if it ever had been one. The Exchange correspondent of the *Mercury* was not wrong in saying, in late 1862, that “England never will intervene, even if the war lasts for thirty years.”¹⁰²

But this view was not universal at the time, and there was no shortage of press rumours that made intervention seem credible.¹⁰³ “How is it possible,” Maurice Williams wanted to know, “with the periodical panics that prevail, ... that Merchants will undertake the serious responsibility of shipping Cotton from India, which entails a six months’ operation, if at any moment, by an act of intervention on the part of our Government, their property may be depreciated fifty per cent. or more in value?”¹⁰⁴ Fellow broker Edmund Jardine concurred: “how was it to be expected that the merchant or planter would launch into extensive operations when the fickle action of those in power might suddenly cause him to suffer most serious loss?”¹⁰⁵ Other brokers were beginning to appreciate that India and other countries were not, after all, going to come to the trade’s rescue. One grumbled that “with so great an inducement for the extension of the growth of Cotton, in every quarter of the globe, as the average price of the article during the past two years has offered ... it is matter of surprise to find so trifling an increase in the quantity received from other sources, to make up for the large deficiency from the United States.”¹⁰⁶ Another bemoaned the fact that “from all new sources not enough Cotton has, we think, reached England in two years for one week’s full consumption.”¹⁰⁷

The early months of phase two were therefore a time of profound change and disturbance. The British Government flirted with intervention. The American Government proclaimed emancipation. In the raw cotton market, the supply was

¹⁰² *Liverpool Mercury*, 18 November 1862

¹⁰³ The *Liverpool Mercury* reported the likelihood of war or of recognition of the Confederacy or of some form of intervention, by either Britain or France or both, on 30 April 1861; 17 February, 30 April, 17 May, 13 June; 4 September, 13 October, 15 November, 19 December 1862; 30 January, 1 May, 30 June 1863; 24 February 1864; 20 January, 17 February 1865.

¹⁰⁴ Williams, *Seven Years*, p. v (appendix), 19 November 1862

¹⁰⁵ Edmund Jardine, annual CC for 1862, LRO, 380 COT/1/11/67

¹⁰⁶ Cruttenden & Oulton, annual CC for 1862, LRO, 380 COT/1/11/67

¹⁰⁷ Kearsley & Cunningham, annual CC for 1862, LRO, 380 COT/1/11/67

pitiful, prices soared and there was an orgy of speculation. In cotton manufacturing, the situation for both mill-workers and their employers went from bad to worse. After short-time working began in October 1861, production continued to decline through to early 1863. The trough of the famine was in the winter of 1862-63. The numbers out of work (247,230) and the numbers claiming relief (485,434) both peaked in December 1862.¹⁰⁸ By then, a quarter of Lancashire's inhabitants, more than 500,000 people, were receiving public assistance.¹⁰⁹ Thereafter, matters improved slightly, but slowly. Liverpool raised a fund to help mitigate the distress. At a meeting called to discuss its distribution in August 1862, William Rathbone senior said that Liverpool "had now an opportunity of showing to their manufacturing friends that they felt as members of one body ... and that there was no distinction ... between the Manchester men and the Liverpool men". His son was not having any of that: he did not trust Manchester to distribute funds properly and proposed that they should be handled by a small committee of Liverpool men.¹¹⁰

The second phase of the war ran from the beginning of July 1862 to the end of August 1864. It was characterised by low volumes, substantial price rises, great volatility and continued speculation.¹¹¹ Some hoped that – after the fall of New Orleans in April 1862, and then of Vicksburg in July – the Union's control of the Mississippi would enable cotton to flow to New Orleans and find its way to Britain.¹¹² The *Mercury* was confident that millions of bales of cotton were in the vicinity of New Orleans.¹¹³ This illusion was reminiscent of those entertained about Indian cotton. A year earlier, the Neill brothers had noted that the owners and crews of most of the Mississippi cotton boats had been conscripted and the entire rail network given over to the war.¹¹⁴ Now, a broker reported that "planters or soldiers would destroy their crops rather than let them fall into the hands of the Northern army."¹¹⁵ Having tried and failed to use its possession of abundant cotton

¹⁰⁸ J. Watts, *Facts*, pp. 227-228

¹⁰⁹ Beckert, 'Emancipation', p. 1410

¹¹⁰ *Liverpool Mercury*, 2 August 1862

¹¹¹ Annual CCs for 1863: Daniel C. Buchanan & Co., Cruttenden & Oulton, Ellison & Haywood and Smith, Edwards & Co., LRO, 380 COT/1/11/68

¹¹² Stead Brothers, annual CC for 1862, LRO, 380 COT/1/11/67

¹¹³ *Liverpool Mercury*, 19 May 1862

¹¹⁴ Neill Bros circular of 19 December 1861 (*Liverpool Morning Post*, 4 January 1862)

¹¹⁵ Cowie, Smith & Co., annual CC for 1863, LRO, 380 COT/1/11/68

to entice British recognition, the Confederate Government now perversely tried a possession of nil cotton to entice it. Planters were directed not to sow cotton and, if necessary, to burn it.¹¹⁶ Owsley estimated that the Confederacy had destroyed over a billion lbs of cotton by 1865.¹¹⁷ From start to finish of the war, the absence of American cotton from Britain was due as much to actions of the Confederacy as of the Union. Not that the North was disposed to start breaking its own blockade either. Britain's mills might have been starved of cotton, but so were the mills of New England. Where the Union was able to seize cotton, various means – many of them fraudulent – were used to transport it northwards.¹¹⁸

The year 1863 was when the financial consequences of the cotton scarcity began to be felt beyond the confines of the cotton market and to affect the money market. At the end of 1863, the Neill brothers warned what was likely to happen:¹¹⁹

Prices are now higher than justified by circumstances, and higher than can be maintained throughout the coming year... Nothing but a considerable abatement of the present speculative mania in cotton ... can prevent a financial crisis occurring sometime during the year... If speculators persist in the determination to pay £90,000,000 for a supply which ... they could as readily obtain for £60,000,000 or £70,000,000 except for over competition among themselves, they will be stopped short some day for want of money, and the speculative fabric they have erected will topple down on their heads.

The *Mercury* thought that the Neills' estimate was absurdly high, but in the event the 1864 supply cost almost exactly £90 million.¹²⁰

In retrospect, it can be seen that this middle phase of the war was building to a crescendo of recklessness in terms of speculation within the cotton trade and more widely in the economy.¹²¹ The fabulous prices paid for Indian cotton led to a

¹¹⁶ Owsley, *King Cotton*, pp. 43-50; Cohn, *Life and Times*, pp. 124-125; Jones, *Union in Peril*, p. 131

¹¹⁷ Owsley, *King Cotton*, p. 49

¹¹⁸ L. Johnson, 'Northern Profit and Profiteers: The Cotton Rings of 1864-65', *Civil War History*, Vol. 12, No. 2 (June 1966), pp. 101-115; A. Roberts, 'The Federal Government and Confederate Cotton', *The American Historical Review*, Vol. 32, No. 2 (January 1927), pp. 262-275

¹¹⁹ Neill Bros circular of 1 December 1863 (*Glasgow Daily Herald*, 3 December 1863). See also the annual circular of the brokers Cowie, Smith & Co., who gave a similar warning (Cowie, Smith & Co., annual CC for 1863, LRO, 380 COT/1/11/68).

¹²⁰ *Liverpool Mercury*, 4 December 1863; Table 7.1 (page 180)

¹²¹ S. Dumbell, 'The Origin of Cotton Futures', in J. Keynes & D. Macgregor (eds), *Economic History* (a supplement to the *Economic Journal*) Vol. 1, 1926-29 (London: Macmillan & Co., 1929), May 1927, p. 261

depletion of Britain's gold reserves. At the end of 1864, a cotton broker wrote that "in stocks of all descriptions, particularly in the shares of the new Joint Stock Companies ... enormous speculation was carried on, and just that blind confidence and security prevailed which nearly always herald a commercial crash."¹²² In mid-August 1864, the *Mercury* unwisely declared that "it is now generally assumed that monetary affairs will from this time gradually grow better."¹²³ In September, the bubble burst. Many brokers blamed the crash on articles in *The Times* claiming that peace talks were about to commence in America, and that the Democrats would choose a peace candidate for the forthcoming Presidential election.¹²⁴ Both assertions turned out to be untrue. The articles may perhaps have lit the touch paper but, if they had never appeared, there was no shortage of other tapers to do so. Speculation had caused the price of cotton to reach an unsustainable peak in July – nearly five times higher than its 1860 average.¹²⁵ The bank rate rose to 9 per cent in September. Port arrivals of cotton in the first three weeks of September were more than double the weekly average for the year as a whole, creating the illusion of a sufficiency of cotton.¹²⁶ All these factors, according to Maurice Williams, "culminated in a complete panic. This at once caused an entire stagnation in the trade of the manufacturing districts... The consequence was the greatest and the most rapid decline in the value of Cotton that ever took place in the previous history of the trade."¹²⁷ Another broker reported that "business in Manchester was almost suspended, and a general feeling of alarm and insecurity took possession of the public mind."¹²⁸

Thus the third phase began in September 1864 and ended whenever one conceives that the market returned to normality. That was not before 1867, at the earliest. It would be more realistic to say that it was in 1876: the first time since the war that the pre-war volume could be obtained at the pre-war price.

¹²² Robson & Eskrigge, annual CC for 1864, LRO, 380 COT/1/11/69

¹²³ *Liverpool Mercury*, 15 August 1864

¹²⁴ Smith, Ellison and Williams were among many brokers to say this (LRO, 380 COT/1/11/69), as did the Neill brothers (Neill Bros circular of 1 January 1865 [*Leeds Mercury*, 6 January 1865]). All of them were incandescent about the reports of *The Times*.

¹²⁵ Donnell, *Chronological*, pp. 500-501, 528-529

¹²⁶ *Ibid.*, pp. 528-529

¹²⁷ Williams, *Seven Years*, 1864, p. 69

¹²⁸ Robson & Eskrigge, annual CC for 1864, LRO, 380 COT/1/11/69

According to broker Paul Hemelryk, “failures came thick and fast in November, 1864. I remember one of my friends coming one morning down to his office and finding on his desk thirteen telegrams from Trieste, everyone of them announcing a separate failure.”¹²⁹ Prices which, with a few corrections, had risen constantly through the war, began to oscillate violently. Looking at the 16 4-week periods from September 1864 to November 1865, comparing each period with its predecessor, average cotton prices rose by 10 per cent or more in three periods, and fell by 10 per cent or more in five of them.¹³⁰ In both cases, it was sometimes much more than 10 per cent. No one who bought or sold raw cotton knew where they stood from one day to the next.

The overriding issue was the duration of the war and what would happen after it. Every military success and every reverse, every apparently informed commentary on the ability of each side to prolong and finance the war, fed into that calculation and constantly changed the balance of probabilities. The war’s closing stages were not anticipated until the event arrived. At the end of December 1864, Smith wrote that “at no time since the American war broke out did the hope of an early settlement appear fainter.”¹³¹ At the beginning of February 1865, Henry Ashworth said that the duration of the strife seemed as interminable as ever.¹³² On 1 April 1865, the Neill brothers wrote that “the balance of probability appears largely in favour of such a protraction of the struggle as President Lincoln ... evidently anticipates.”¹³³ Eight days later, the war was over. In the preceding four years, so many decisive military campaigns had failed to prove decisive that, when truly decisive events did occur, they were not perceived as such. Attitudes in the closing months of the war mirrored those in the opening months: the war that was never going to begin was now never going to end.

Through all those years, but especially in late 1862, there was the question of whether Britain would intervene in the conflict, either to recognise the Confederacy or to break the blockade, and whether as a deliberate policy or as a

¹²⁹ Hemelryk, *Reminiscences*, pp. 10-11

¹³⁰ Donnell, *Chronological*, pp. 528-529, 534-535

¹³¹ Smith, Edwards & Co., annual CC for 1864, LRO, 380 COT/1/11/69

¹³² *Liverpool Mercury*, 2 February 1865

¹³³ Neill Bros circular of 1 April 1865 (*Manchester Courier*, 5 April 1865)

reaction to an unforeseeable event such as the *Trent* affair. This was complicated by the issue of whether France would intervene, unilaterally or as part of a joint Anglo-French initiative. At one time there were fears that Britain would be embroiled in a European war over Schleswig-Holstein; then those fears receded.¹³⁴ All these uncertainties played their part in the confusion of the cotton market. Then there were the questions over cotton imports: who, if anyone, would fill the void left by America and at what prices; wildly fluctuating assessments of the size of the Indian crop and its availability; debate as to what other cotton in the world might arrive in Britain. With all the supply issues, there was the question of the day-to-day effect on stocks and prices. In addition, the explosion in price and the degree of speculation had put strains on the financing of the trade. Over the period 1861-67, the Bank of England discount rate see-sawed between 2 and 10 per cent.¹³⁵ On some occasions, it changed three or four times in the same month. It was not unusual for several events to hit the market at the same time, pointing in opposite directions. For four years and more, Britain's largest industry was the victim of an almost unimaginable instability. Even with hindsight, the period of the civil war is difficult to read; at the time, peering forward from one day to the next, it must have seemed illegible.

At the end of 1864, the brokers Cunningham & Hinshaw observed that the stock pipeline that had finally been emptied by early 1863 still showed no signs of being refilled, despite some increase in the volume of raw cotton available. Nor would it be refilled until prices and volumes attained a stable long term level:¹³⁶

At prices abnormally high the Market must necessarily be expected to be very sensitive... The rates now ruling are already too high and risky to allow a trade at all in excess of the *bona-fide* requirements of the World to be carried on. Manufacturers will not produce Goods or Yarns at these high rates to stock them, nor yet to consign them for sale to foreign markets; neither will Merchants be disposed to come under unduly extensive or long protracted engagements.

The temporary cotton market that had emerged in 1861, and which lasted well beyond the end of the war, was characterised not just by low volumes, the

¹³⁴ Adams, *Great Britain*, pp. 247-278, 363

¹³⁵ Pender & Co., *Statistics*, p. 90

¹³⁶ Cunningham & Hinshaw, annual CC for 1864, LRO, 380 COT/1/11/69

minimum stock cover and high prices, but by an entrenched uncertainty. Long-term judgments were impossible to make with confidence. Cotton goods were produced, and they were sold, but no one was willing to risk replenishing the normal pipeline of stock, dissipated in the first years of the war. It remained a provisional market.

In the early stages of the war, almost the sole concern of the cotton trade was when it would end. As the war progressed, as the likelihood receded that slavery would survive it intact, or at all, as the devastation caused by the war to the agricultural economy of the South was appreciated, it became clear that the close of the war would be the start of a process, not the end of one, and that its eventual outcome was as uncertain as the outcome of the war had been. No one knew whether or when large and regular supplies of American cotton might resume. No one knew whether cotton produced by free labour would be as cheap as cotton produced by slaves, or even whether sufficient free labour would be found in America to plant and harvest it. No one knew at what price American cotton would become available once the Southern economy had stabilised. No one knew what quantity of cotton might regularly be required from other countries to replace an American shortfall. No one knew what price would be required to attract that quantity on a long term basis, and the experience during the war had been far from encouraging.

In the decades before the war, cotton goods had been produced in high volume at low prices. Cotton had become the pre-eminent fabric to clothe the expanding world population. It was now uncertain whether it could regain this former role, or whether it would become, if not a luxury fabric, then a substantially more expensive one. The war had given an indication of the price elasticity in the demand for cotton goods – previously an unknown factor – and it had turned out to be greater than might have been expected.¹³⁷ But unless prices could return to something close to their pre-war level, it was possible that cotton goods would permanently become a lower volume market. This in turn made it uncertain

¹³⁷ E. Helm, 'The Cotton Trade of the United Kingdom, During the Seven Years, 1862-68, as Compared with the Seven Years, 1855-61', *Journal of the Statistical Society of London*, 32.4 (December 1869), p. 429. The Neill brothers reported that "from the depth of the crisis in 1862 until last July [1864], there was a steady increase in the consumptive and export demand for cotton" (Neill Bros circular of 1 March 1865 [*Manchester Courier*, 3 March 1865]). Smith wrote that "it began to be seen that the world would take off a larger production of high priced fabrics than was generally expected" (Smith, Edwards & Co., annual CC for 1864, LRO, 380 COT/1/11/69).

whether the vast mill capacity in Lancashire, which had continued to grow despite the war, would now be filled or could be made profitable. Although none of these fears was in fact realised, they cannot be retrospectively dismissed. According to Farnie, “the consumption of cotton goods per head in the United Kingdom reached its peak in 1860, a peak reattained only in 1900.”¹³⁸ He believed, correctly, that the scarcity was the main catalyst for the decline, although later he was to change his mind.

The fears of the trade, towards the end of the war and after it, were justified and they coloured its behaviour. When the dust settled, it became possible to see exactly what had been lost.

¹³⁸ Farnie, ‘Cotton, 1850-1896’, p. 390

4

THE UNFATHOMED PIT OF RAW COTTON

Quantifying the scale of the cotton scarcity

The British cotton trade lost 54 per cent of its pre-war supply in the peak period of scarcity from 1862 to 1864, and 37 per cent over the period from 1862 to 1867.¹ If lost market growth is taken into account, the figures are 64 per cent and 53 per cent respectively. Yet, to read the comments of most historians, this deficit was a mirage. They have claimed that the drastically reduced production of cotton goods in the war years was due mainly to their over-production before the war.

The historiography of this verdict can be traced back over time like accreted layers of silt upon a river bed. Scattered through the layers, the magical figure of 300 million lbs of an alleged excess of cotton goods is recited like a litany. Each succeeding historian seems to have assumed that some previous historian must have researched the claim, when it would appear that – in Britain at least – not one of them has done so. There is nothing beneath the silt. Thus:

(2016: David Olusoga) “Between 1859 and 1860 American cotton producers had exceeded world demand... At the end of 1860 there were vast stocks of unsold cotton clothing on the world market.”²

(2014: Sven Beckert) “[At the outbreak of war], yarn and cloth markets from Buenos Aires to Calcutta ... were glutted.”³

(2013: Scott Marler) “British mill-owners had managed to accumulate ample reserve stocks of cotton from the bumper crop of 1860... Their ability to churn out finished goods had outpaced demand for these products, especially in glutted overseas markets such as India.”⁴

(2010: Howard Jones) “The abundant cotton yield in the South during the three years before the war had banked up so much raw cotton in British warehouses that ... producers had flooded the markets with finished goods,

¹ Table 4.4 (page 105)

² Olusoga, *Black and British*, p. 350

³ Beckert, *Empire*, p. 247

⁴ Marler, *Merchants' Capital*, p. 140

while making drastic cutbacks in production that forced numerous laborers into short time or layoffs.”⁵

(2006: Nigel Hall) “The notion that the period of extreme difficulty ... during the American Civil War was mainly or even solely attributable to a shortage of the raw material has been challenged by W. O. Henderson and Eugene A. Brady. They have pointed convincingly to an overproduction of cotton goods during the period 1858-61.”⁶

(2005: Jay Sexton) “Revisionist historians have even argued that the ‘cotton famine’ experienced during the war was not a famine at all but the product of this gluttonous overproduction.”⁷

(1990: James McPherson) “Surplus stocks of raw cotton as well as of finished cloth piled up in Lancashire warehouses. The South’s embargo thus turned out to be a blessing in disguise for textile manufacturers in 1861.”⁸

(1979: Douglas Farnie) “There was no real shortage of cotton in Lancashire even during 1862.”⁹

(1978: Norman Longmate) “The over-production [was] estimated by Arnold to be ‘at least 300 million lb. weight of manufactured goods’.”¹⁰

(1966: Arthur Silver) “This period of about two years [1862-63] enabled the industry to get rid, without ruinous losses, of the over-production of the last several years.”¹¹

(1963: Eugene Brady) “The so-called Cotton Famine was not predominantly due to a shortage of the raw cotton input, but was in large measure the result of an excess supply of cotton yarn and textiles that resulted from over-production during the years 1858 through 1861.”¹²

(1959: Frank Owsley) “England alone had manufactured and stored in her warehouses at home and in the East 300,000,000 pounds in excess of the normal productions.”¹³

⁵ Jones, *Blue and Gray*, p. 226

⁶ Hall, ‘Civil War’, p. 149

⁷ Sexton, *Debtor*, pp. 137-138

⁸ McPherson, *Battle Cry*, pp. 385-386

⁹ Farnie, *English Cotton*, p. 150

¹⁰ Longmate, *Hungry Mills*, p. 68

¹¹ Silver, *Manchester Men*, p. 158

¹² E. Brady, ‘A Reconsideration of the Lancashire “Cotton Famine”’, *Agricultural History*, Vol. 37, No. 3 (July 1963), p. 156

¹³ Owsley, *King Cotton*, p. 135

(1952: Max Beloff) “Short-time in the mills was due to a falling-off in demand owing to earlier over-production.”¹⁴

(1934: Otto Henderson) “The cotton crisis was not due entirely to a shortage of the raw material. In 1859-60 the Southern States produced more cotton than the world needed... By May, 1860, ... there accumulated about 300 million lbs of cotton goods which could not have been sold at a profit if the existing rate of production had been maintained.”¹⁵

(1886: Thomas Ellison) “Between 1850 and 1861 ... [there was] a considerable over-production of cloth, especially during the last three years of the period [leading to] to a serious diminution in the profits of manufacturers. It gave rise also to a gigantic amount of over-trading with the Eastern and other markets, from the disastrous effects of which the shippers were only saved by the enforced reduced production occasioned by the cotton famine.”¹⁶

(1872: Ezekiel Donnell) “It is generally believed that, when our war broke out, the whole world was overstocked with [cotton] goods.”¹⁷

In fact, almost the only cotton historian not to have made claims of this nature was Giorgio Riello, who wrote accurately of “the cotton famine of the 1860s caused by the American Civil War”.¹⁸

If there is one source that is responsible for the over-production claim taking root in historical literature, it is Arthur Arnold’s original book on *The Cotton Famine*, written with an understandable passion, and in a great hurry, as early as the winter of 1863-64. Arnold did not originate the claim, but he gave it a prominence it had not previously enjoyed and, owing to the commercial success of his book, the *imprimatur* of the truth. This was the heart of Arnold’s argument:¹⁹

During the past two years [mid-1859 to mid-1861], the excess of production over consumption amounted to at least 300,000,000 lb. weight of manufactured goods... With this surplus stock in the hands of the trade, it cannot be a matter of surprise that manufacturers should have become anxious to work their mills ‘short time’... They had in hand a stock of goods sufficient for the consumption of two-thirds of a year, therefore a rise in the

¹⁴ Beloff, ‘Great Britain’, p. 45

¹⁵ Henderson, *Famine*, p. 11

¹⁶ Ellison, *Cotton Trade*, p. 77

¹⁷ Donnell, *Chronological*, p. 465

¹⁸ Riello, *Cotton: The Fabric*, p. 267

¹⁹ Arnold, *History*, p. 80

price of the raw material and the partial closing of their establishments, with a curtailment of their working expenses, was obviously to their advantage.

When Arnold asserted this figure of 300 million lbs, he produced no evidence to justify a statement that has reverberated around the halls of history for a century and a half. He merely said that it had been 'estimated'.²⁰ There is a strong indication, however, that the original source for the figure, and certainly the earliest so far discovered, was none other than Thomas Ellison, a fact hitherto unknown. In 1863, Ellison started his own brokerage firm of Ellison & Haywood. In their first annual circular, for the year 1863 and dated 19 January 1864, Ellison wrote: "the aggregate *surplus* production of the years 1859-61 was at least 300,000,000 lbs. This reduced to Cotton would amount to 337,000,000 lbs, and represent 842,000 bales of 400 lbs each."²¹ In his book, to which the preface was dated six months later, Arnold wrote: "the excess of production over consumption amounted to at least 300,000,000 lb. weight of manufactured goods; which, in the raw material, would be equal to 842,000 bales of 400 lb. each."²² Ellison is not referenced in Arnold's work, but both the timing and the wording suggest that he was the direct source of Arnold's claim.

It may seem presumptuous to dispute statements made by almost every historian to have written about the famine for a century and a half, but the fact is that only Brady has sought to substantiate either the general or the specific claim. He presented statistical evidence, principally consisting of a contentious analysis of cotton stocks, which allowed him to reach the extraordinary conclusion that "the Civil War did have some impact upon the Lancashire textile industry, but it does not appear that its most significant role was one of cutting off supplies of raw cotton from British textile manufacturers."²³ However strange it may seem, the quotations from the other historians are not the conclusions reached after producing the evidence for them: they *are* the evidence. Arnold appears to have regarded Ellison's statement as proof enough. Henderson appears to have regarded Arnold's statement as proof enough. Longmate and Hall appear to have assumed that Henderson must have researched the issue, although there is no evidence that

²⁰ Arnold, *History*, p. 81

²¹ Ellison & Haywood, annual CC for 1863, LRO, 380 COT/1/11/68

²² Arnold, *History*, p. 80

²³ Brady, 'Reconsideration', p. 157

he did. Farnie somehow managed to be persuaded by Brady. The others appear to have paraphrased the historical consensus.

Ellison did not justify his claim either. His circulars, and later his book, were festooned with meticulously compiled statistics, the accuracy of which there is no general reason to doubt. The figure of 300 million lbs is mentioned casually in the text. It is placed next to a table which shows that, comparing the three years 1859-61 with the three years 1862-64 – itself a strange comparison, since Ellison was writing at the end of 1863 – cotton production fell by 50 per cent.²⁴ The relevance of the table to the statement is not explained. As will be shown, Ellison's own stock figures contradict his claim of an "aggregate *surplus* production" for 1859-61 of at least 300 million lbs. And his own figures also contradict the allegation of "a serious diminution in the profits of manufacturers". They show that the profits of British cotton manufacturers were 33 per cent higher between 1859 and 1861 than in the previous 3-year period.²⁵

Ellison surely cannot have been suggesting that the true level of demand for cotton goods was only half that at which the trade had been producing for years: that would have been absurd. A more probable explanation, in fact the only plausible explanation, is that Ellison was reacting to the immediate present alone. Writing at the end of 1863, the inflated price had drastically reduced the demand for cotton goods, and both that fact and the related scarcity of cotton had reduced the scale of their production. Judged by the market conditions when he was writing, too much had indeed been produced in the immediate pre-war years. But those changed circumstances were exclusively the result of the American war. Neither Ellison, nor anyone else, considered what might have happened to the market without the war. Until that is investigated, any comment upon the level of pre-war production is meaningless, unless clairvoyance is considered to be a required competence for cotton manufacturers.

When examined closely, it will be seen that the quotations at the start of this chapter incorporate a number of different elements. The precise claim being made is not the same in each case, nor is every claim wholly inaccurate. The problem is

²⁴ Ellison & Haywood, annual CC for 1863, LRO, 380 COT/1/11/68

²⁵ *Ibid.* for 1865, LRO, 380 COT/1/11/70

not that the issue of over-production is illusory or irrelevant, but that it has been persistently bloated and misinterpreted. As the starting point for an overdue revisionism, it will be helpful to isolate the questions raised and to provide simple answers to them now. This chapter and the next will then justify these answers.

Had manufacturers produced at above the level of demand in the pre-war period? Not in 1859; to a small extent in 1860 and 1861. Had the war not intervened and had the market continued on its existing path, this would not have presented a problem.

Were raw cotton stocks in Liverpool unusually high when the war started? No: they were relatively low, and they declined through most of 1861.

Were the stocks of cotton goods in Britain unusually high when the war started? Stocks were high, but not inordinate. At the end of 1860, manufacturers' stocks represented 16.7 weeks of sales at the prevailing level, as opposed to an average of 12.7 weeks for the four preceding years.

Did manufacturers make large profits on these stocks? Yes, but only because of the inflation of price caused by the war.

Were stocks in other parts of the world high? Impossible to quantify: the only evidence is anecdotal, all of it alleged after the war had started and the temporary global market had emerged. The probable answer is that these stocks were high in some parts of the world, but not in others, and not inordinate in total.

Was there a scarcity of raw cotton in Britain during the war? At wartime prices, no – but that is a self-fulfilling statement, since the demand adjusted itself to the price, which in turn adjusted itself to the supply. Judged against demand, prices and production levels before the war, there was a vast scarcity.

Did this scarcity cause the cotton famine? Yes.

Did it lead to the adoption of short-time working in October 1861? No.

Did a surfeit of cotton goods cause it? No: the paralysis of demand following the outbreak of war caused it.

Should anything significant, other than the war, affect discussion of any of these issues? No.

This chapter quantifies Britain's supply of raw cotton during the war, placed in the context of the years immediately before and after it. Chapter 5 examines the merits of the over-production claim. The statistical foundation of this chapter rests

on the weekly data on raw cotton imports and sales collected by the LCBA and summarised in the tables of Holt and Donnell, augmented by additional data from Pender and Ellison. Where figures are quoted in the text of this chapter, they are referenced only if they are taken from sources other than these. To ensure internal consistency, some raw statistics have been amended, in the manner described in Appendix I. None of the amendments is significant or contentious, or affects the conclusions to be drawn from the data. The statistics have been supplemented with information from other primary sources. Few secondary sources are available to inform this chapter or the next, and those that do exist are mostly mistaken.

In 1866, the year after the civil war ended, Britain imported 11 per cent more bales of cotton than it had in 1860, the year before it started. And 1860 had itself been a record year for imports. Yet appearances are deceptive. This simple statistic ignores four separate factors, all of which conspired to reduce the raw cotton available. Instead of the 1866 supply being 11 per cent higher than in 1860, it was effectively 23 per cent lower and amounted to a mere 60 per cent of the market requirement. The years between were worse still by far.

The first factor concerns the unit of measurement. Raw cotton was usually measured in bales. However, bales are a useless measurement, since the weight of a bale differed from one producing country to another, and from one year to another. During the period under study, the weight of a bale varied from 160 lbs (a Brazilian bale in 1865) to 500 lbs (an Egyptian bale in 1864).²⁶ A pre-war American bale weighed about 445 lbs and an Indian bale, which was itself the average of three production sources on the sub-continent, about 370 lbs. Through the war, the average bale weight declined by 18 per cent as heavier American bales were replaced by lighter Indian bales. Such an elementary factor should not have been overlooked. Yet Harnetty gave British consumption figures only in bales for the period 1855-72, and Farnie and Hall discussed changes to stock levels only in bales.²⁷ The Cotton Association's own historian did the same thing throughout his account of the civil war years, resulting in some wildly inaccurate statements.²⁸

²⁶ Ellison & Haywood, annual CC for 1866, LRO, 380 COT/1/11/71

²⁷ Harnetty, *Imperialism*, p. 57; Farnie, *English Cotton*, p. 141; Hall, 'Civil War', p. 153

²⁸ Machin, 'History, Part I', pp. 107-304

The second factor is the issue of re-exports. British imports of raw cotton are another misleading statistic. Cotton brought into British ports serviced not only British mills, but many of the mills of northern Europe.²⁹ Much raw cotton was shipped directly to European ports, but some of the requirement of continental mills was imported to Britain, traded on the Liverpool market and then re-exported. The share of British imports that were re-exported varied over time, and especially during the civil war. To understand what happened to the British cotton trade during the war, imports need to be considered net of re-exports.

The third factor is the issue of cotton quality. There was wastage in all cotton manufacture and again it varied, both over time and according to the source of the cotton. American cotton was usually amongst the most reliable, which was one reason for its pre-eminence; Indian cotton the least.³⁰ As the balance of imports shifted from the former to the latter, the level of wastage increased substantially. Since the statistics for British cotton consumption were derived from known sales to British spinners – in other words, at a point before manufacture – this factor is excluded from the published consumption data. The loss on Indian cotton was more than double that on any other cotton. Its increased use raised the overall level of wastage by more than 60 per cent. More than one-sixth of the cotton that arrived at the mills in 1862 was unusable.³¹

When these three factors are quantified, it will be seen that British cotton consumption during the civil war was even lower than it is generally supposed to have been. That is without taking into account the fourth issue: the fact that cotton manufacture was an expanding industry. Without the war, one would have expected consumption to have grown. To comment on the figures as if one was dealing with a static market is misleading. Yet, as will be seen, this mistake and many others were first made by contemporary commentators, while the sheer weight and depth of British nineteenth-century comment has awed later historians into accepting

²⁹ Ellison, *Cotton Trade*, p. 91; Farnie, *English Cotton*, p. 16; J. Brown, *A Hundred Years of Merchant Banking* (New York: Arno Press, 1978), p. 139; Hall, 'Brokers', p. 59

³⁰ Another advantage was that fewer drawings were required. "American cotton requires fewer drawings than that of any other country, and genuine Orleans fewer than any other variety of American. Hence the general popularity of American cotton, and the exceptional popularity of the variety known as Orleans" (Ellison, *Cotton Trade*, p. 44).

³¹ Ellison & Haywood, annual CC for 1865, LRO, 380 COT/1/11/70

contemporary verdicts as historical facts. A narrative constructed at the time made the sense that the cotton trade and others thought it made, but which should not now be taken at face value.

The sequence of tables and figures in the rest of this chapter interprets the available data step by step in the light of the factors mentioned above. Together, they demonstrate the practical effect of the American war on the British cotton market and quantify the loss to Britain during the war years. Although the war ended in April 1865, it makes sense to look at the figures through to the end of 1867, because the immediate post-war period was as much a reflection of the problems caused by the war as the war years were themselves. The starting point is to quantify raw cotton imports into Britain during the war and immediately after it (Table 4.1). As was shown in Figure 3.1, American imports stopped dead in August 1861. After that, little American cotton reached Britain for four years. It began to flow again only in the autumn of 1865, after the war was over, which is the sole reason for the improvement in that year's figures. Britain lost three-quarters of the raw material supply to its largest industry overnight. This was a catastrophe for the cotton manufacturers, but other factors made their position worse still.

Table 4.1

BRITISH RAW COTTON IMPORTS, 1860-67 (^{'000} lbs)				
	All imports	American	Other	American %
1860	1,435,800	1,152,800	283,000	80%
1861	1,261,400	822,900	438,500	65%
1862	533,100	22,300	510,800	4%
1863	691,800	56,800	635,000	8%
1864	896,100	82,100	814,000	9%
1865	966,400	187,700	778,700	19%
1866	1,353,800	512,600	841,200	38%
1867	1,273,800	533,500	740,300	42%

Sources: GH, JP

As Table 4.2 shows, re-exports had already started to grow rapidly, more rapidly than domestic consumption, before the war began.³² They barely fell in weight during the war, and they rose significantly as a proportion of imports. A

Table 4.2

BRITISH RAW COTTON RE-EXPORTS, 1856-67			
('000 lbs)			
	All imports	Re-exports	%
1856	1,021,100	142,400	14%
1857	976,100	134,100	14%
1858	1,025,500	141,800	14%
1859	1,190,800	174,000	15%
1860	1,435,800	245,800	17%
1861	1,261,400	275,700	22%
1862	533,100	216,900	41%
1863	691,800	260,900	38%
1864	896,100	247,100	28%
1865	966,400	290,500	30%
1866	1,353,800	393,700	29%
1867	1,273,800	354,100	28%

Source: GH

minor reason for this was that American spinners in the Northern States were starved of raw cotton themselves: they too were acquiring supplies from Liverpool. This started as early as July 1861. "For the first time in the history of the trade," wrote the Neill brothers from America in that month, "cotton is now being sent back to this country."³³ Britain re-exported 19.9 million lbs of raw cotton to the Union in 1862 (nearly as much as it received from the South), 13.3 million lbs in

³² This was at least partially due to the fact that the manufacture of cotton goods was rising more rapidly in continental Europe than in Britain (J. Spencer, 'The Growth of the Cotton Trade in Great Britain, America, and the Continent of Europe, during the Half Century Ending with the Year 1875', *Journal of the Manchester Statistical Society*, June 1877, pp. 231-240).

³³ *New York Times*, 31 July 1861

1863 and 14.3 million lbs in 1864 – amounting to 7 per cent of all re-exports in those three years.³⁴ The farcical position was reached whereby cotton grown in the Southern States could be shipped to Britain under the nose of the Union blockade, sold in Liverpool, and shipped back across the Atlantic to a Northern port, evading the Confederate cruisers built on Merseyside. In January 1862, *The Economist* stated that the export to America was “fast assuming very menacing dimensions” and, in July, a Manchester commercial journalist denounced “foreigners draining the Liverpool market of our cotton”.³⁵ This remark was revealing evidence of Manchester’s attitudes: no one could objectively say that the cotton in question was ‘our cotton’.

Farnie wrote that “Liverpool exalted the interests of the re-export trade over those of secondary industry and divorced its function from that of its manufacturing hinterland... It supplied the potential competitors of England with the sinews of production and tended to separate the interests of Liverpool from those of Lancashire.”³⁶ This was true, and was part of Manchester’s complaint: Liverpool sold whatever it could to whoever wanted to buy it, and always had done. Brady can have had no understanding of this fact when he wrote that “exports of raw cotton from the United Kingdom over the period of the famine supports the hypothesis [of] a textile glut.”³⁷ They do not.

In his study of the issue, Hall concluded that “if there had been no re-exporting of cotton [in 1862] then something like 40 per cent more cotton would have been available for the British industry. This would surely have reduced the ‘run’ on cotton of that year, the declining stock estimates, the steeply rising prices, and the worst period of the ‘cotton famine’.”³⁸ However enticing this conclusion may seem, it should be resisted. It is unlikely that a ban on re-exports would have had the effect on the British market that Hall suggests. It is indisputable that, had the re-exported volume been retained for domestic consumption, the cotton

³⁴ Hall, ‘Re-exports’, p. 266; Hollinshead, Tetley & Co., annual CC for 1862, LRO, 380 COT/1/11/67

³⁵ *The Economist*, 11 January 1862; *The Times*, 12 July 1862, both quoted in Hall, ‘Re-exports’, p. 266

³⁶ Farnie, *English Cotton*, pp. 149, 17

³⁷ Brady, ‘Reconsideration’, p. 161. The same misunderstanding of Liverpool’s attitudes, and of its role in the European cotton trade, was demonstrated by Jay Sexton (Sexton, *Debtor*, p. 138).

³⁸ Hall, ‘Re-exports’, p. 267

scarcity would have been reduced. The question is whether – if re-exports had been banned – that entire volume of cotton would, in practice, have become available for British use.³⁹ An alternative conclusion is that a ban would have made no difference. Continental spinners were permanently competing with British spinners for the same raw material, war or no war. Britain had no monopoly of the supply to Europe. It had no power to compel stocks from America or India or Egypt to be shipped to Britain. Continental spinners were at liberty to buy their own supplies at source and have them shipped directly to their own countries. They were already doing so.

In 1860, 'the continent' – not defined by Maurice Williams, from whose data these figures have been extrapolated – imported about 702 million lbs of raw cotton, of which 249 million lbs were supplied by British re-exports. In that year, therefore, continental Europe imported 65 per cent of its supply directly from the producing countries.⁴⁰ This percentage fell drastically during the war years because most of the direct purchases had previously come from America. However, the fact that continental Europe was still importing an average of 26 per cent of its supply directly between 1862 and 1864, a total of about 231 million lbs, shows that the European trade had the means to ship from producers other than America in quantity.⁴¹ Much of the increased supply from Mediterranean countries during the war was shipped directly to southern Europe.⁴² But it made sense to continental spinners not to buy all their raw cotton directly. The British abolition of the import duty in 1845 meant that it was just as cheap for them to buy in Liverpool. Every conceivable type and grade of cotton was permanently available there, which it was not elsewhere. The provision of commercial services offered benefits. So they chose freely to buy a large proportion of their supplies in Liverpool.⁴³

One must consider what the continental spinners would have done had a ban on British re-exports been in place. The urgency of their need for raw cotton was

³⁹ This may have been a hypothetical possibility in any case. *The Economist* maintained that a ban would be in direct violation of treaty engagements and would require an Act of Parliament (*The Economist*, 11 January 1862).

⁴⁰ Williams, *Seven Years*, 1862, p. 22 (extrapolated figures)

⁴¹ *Ibid.*, 1864, pp. 61-62 (extrapolated figures)

⁴² Neill Bros circular of 1 June 1864 (*Liverpool Mercury*, 4 June 1864)

⁴³ See Hall, 'Re-exports' for a detailed exposition of this issue.

on a par with that of their British counterparts. The likelihood must be that they would have bought all their supplies from the producing countries, not just some of them. So the effect of a ban would surely have been to reduce the cotton supply that came to Britain, because the re-export component of that supply would have been diverted directly to continental Europe. No additional cotton would have become available to Britain. Stocks would not have been affected, and neither would prices. It is hard to see that much difference would have been made to the cotton famine either way.

After deducting re-exports, the amount of raw cotton available for British consumption can be established. At this point there is a further complication. At all times, and especially during the civil war, the market was distorted by speculation.⁴⁴ Sales to speculators, as opposed to *bona fide* trade or re-export sales, were recorded separately. It is essential to know precisely how the figures were assembled in order to draw conclusions from them. Ellison explained:⁴⁵

The sellers [selling brokers] furnished an account of all cotton sold, but the buyers [buying brokers] returned only the purchases for [re-]export or on speculation; the balance of the sales, after deducting the two items named, being put down as deliveries to consumers, which item, along with the [re-] export, was deducted from the import and previously existing stock to ascertain the quantity still in the warehouses.

In other words, sales to speculators fed through into the column of stocks held in Liverpool and were excluded from the domestic consumption column. The stock was physically counted once a year, at the end of December. Between the counts, changes to the stock were estimated by adding weekly imports and deducting weekly re-exports and assumed sales to spinners. There are therefore two methods of assessing the amount of cotton bought by British spinners each year. The first ('reported consumption') is to take the figures in the consumption column of the annual statistics. The second ('calculated consumption') is to take the annual import figure, deduct the re-exports and make an adjustment for stock movement at ports. In theory, the two methods should produce identical results. It is perhaps too much

⁴⁴ See Ellison, *Gleanings*, for details of earlier periods of intense speculative activity and attempts at market manipulation: 1779-80 (pp. 8-10); 1781-82 (pp. 15-17); 1791 (pp. 41-44); 1797-99 (pp. 48-49); 1825 (pp. 86-89); 1838-39 (pp. 161-164). See also Hall, 'Brokers', p. 96.

⁴⁵ Ellison, *Gleanings*, pp. 138-139. As described in Chapter 1, 'consumers' means spinners; deliveries to them form the consumption column of the Tables.

to expect that they would actually do so, but in most years the discrepancy is small. The probability is that the calculated figure – imports *minus* re-exports *plus/minus* the verified stock movement – is a more reliable statement of purchases by spinners than the reported figure. For that reason, the calculated figure is used here.

The next step in quantifying the amount of raw cotton actually spun each year should be to measure the movement in stocks of cotton held by spinners at their mills. This figure was supposedly published at the end of each year. However, as explained in Appendix I, the stated mill stock figures are fictitious. This factor therefore needs to be ignored, which means assuming that mill stocks did not change from one year end to the next, and that all the cotton purchased by spinners in any given year was spun in that year. In practice, this would not have been the case. The pattern of weekly purchases reveals considerable variations, meaning that raw cotton stocks held at mills could change dramatically from month to month, and even from week to week. The cumulative effect of these stock variations over several years would have been negligible, but the figures for the actual cotton spun in any one year include an unknown margin of error. Historians have said that spinners held average stocks of about three weeks at their mills.⁴⁶ If this claim was based on the mill stock statistics (which indeed appear to support it), then they are suspect. Mill stocks probably varied considerably from one mill to another, and from one period of time to another, but there is no means of quantifying them.

With this enforced exception, all the information discussed in the above paragraphs is shown in Table 4.3. The final column is indexed on 1860 – the last year in which production was unaffected by the war. However, this table reflects only the weight of cotton used by spinners, not the weight of yarn produced. To reach that figure, one has to quantify the wastage in manufacturing. In the years under study, two factors made wastage especially high. The first was the different wastage levels on American and Indian cotton. Surat cotton, the most widely used Indian variety and the generic term for all Indian cotton, was greatly inferior.⁴⁷ Pre-

⁴⁶ e.g. Farnie, *English Cotton*, p. 143

⁴⁷ Samuel Smith itemised the reasons for this (Smith, *Trade of India*, pp. 27-31). It is, however, relevant to remember that India had set the quality standard for centuries, the one that Britain had needed to emulate. So it is worth asking why the quality of Indian cotton in the mid-nineteenth century was so poor. Maybe Britain was sent all the rubbish. But maybe it was the cloth that set the standard, not the raw material, and the patient industry of home-spinners was able to overcome the deficiency in a way that machines were not. See also Parthasarathi, *Why Europe*, pp. 27-34; *The Economist*, 13 April 1861; Owsley, *King Cotton*, pp. 5-6

Table 4.3
RAW COTTON AVAILABLE TO BRITISH SPINNERS, 1856-67
(‘000 lbs)

	Imports	Re-exports	Port stock movement	<i>Reported consumption</i>	Calculated consumption	Variance	Indexed on 1860
1856	1,021,100	142,400	-47,400	891,400	926,100	-4%	82
1857	976,100	134,100	47,500	826,000	794,500	4%	70
1858	1,025,500	141,800	-25,400	905,600	909,100	0%	80
1859	1,190,800	174,000	40,400	976,600	976,400	0%	86
1860	1,435,800	245,800	58,000	1,083,600	1,132,000	-4%	100
1861	1,261,400	275,700	28,700	1,007,400	957,000	5%	85
1862	533,100	216,900	-114,700	451,700	430,900	5%	38
1863	691,800	260,900	-44,600	508,400	475,500	7%	42
1864	896,100	247,100	80,100	553,600	568,900	-3%	50
1865	966,400	290,500	-50,200	723,200	726,100	0%	64
1866	1,353,800	393,700	60,000	881,100	900,100	-2%	80
1867	1,273,800	354,100	-18,700	966,700	938,400	3%	83

Source: GH

war, India had accounted for about 15 per cent of cotton imports; in the three main years of the war, that increased to 66 per cent.⁴⁸ The change was intensely unpopular with the trade. The reputation of Surats was so bad that the CSA went to the lengths of dummyming up samples in every variety of end product to demonstrate its quality and versatility.⁴⁹ It displayed the results at the International Exhibition of 1862, but the trade was unconvinced.⁵⁰ A Lancashire brewing company thought itself so libelled by the epithet 'Surat brewers' that it brought an action for defamation.⁵¹

The second factor was a deterioration in the raw material in general between the late 1850s and the early 1860s. The quality of American cotton sent to Britain had been declining for years. The figures for two mills were recorded by John Baynes, who had cotton interests in Blackburn and who was later the town's mayor. His records show an average American wastage figure of 14.3 per cent in 1837-42, 15.5 per cent in 1843-55 and 16.5 per cent in 1856-57.⁵² Two years later, the problem with American cotton worsened. At the end of 1859, one broker declared that "a more fraudulently packed crop has never been exported."⁵³ Another alleged that "80,000,000 lbs of sand and dirt have been shipped to this country during this past year [1859] as a substitute for [American] cotton."⁵⁴ This would have equated to more than 8 per cent of the year's American supply. The comments by several brokers a year later showed that the 1860 crop was little better.⁵⁵ Some sand and dirt was shipped in any year: 4.7 per cent in 1856-57, according to Baynes.⁵⁶ These statements suggest that, if the American wastage figure for 1857 was 16.5 per cent, it must have been at least 20 per cent in 1859 and 1860. It seems likely that the

⁴⁸ Table 2.1 (page 53)

⁴⁹ CSA Annual Reports, JRL, OTEA, 1862, pp. 9-10

⁵⁰ Ellison quoted from a speech by John Bright in Birmingham in 1862: "when [the minister] prayed for [a supply of] cotton some man with a keen sense of what he had suffered ... exclaimed 'Oh, Lord, but not Surats'." (Ellison, *Gleanings*, p. 331)

⁵¹ Arnold, *History*, p. 166

⁵² Baynes, *Cotton Trade*, pp. 98-99

⁵³ John Wrigley & Sons, annual CC for 1859, LRO, 380 COT/1/11/62

⁵⁴ Francis Hollins, annual CC for 1859, LRO, 380 COT/1/11/62

⁵⁵ Annual CCs for 1860: Colin Campbell & Son, Cunningham & Hinshaw, John Wrigley & Sons, LRO, 380 COT/1/11/64

⁵⁶ Baynes, *Cotton Trade*, pp. 98-99

1861 wastage would have been just as high.⁵⁷ If so, almost all the American cotton spun between mid-1859 and late 1862 would have been subject to an especially high level of wastage.

This quality problem was nothing compared with the one presented by Indian imports. In 1857, John Baynes who, unusually for a spinner at the time, used Indian cotton as much as American, estimated his losses on Surats at between 30 and 40 per cent.⁵⁸ In 1862, the position worsened. Smith wrote that “some of the lots that went home in the end of last season [1862] contained 50 per cent of extraneous matter.”⁵⁹ Arnold wrote that the wastage on Surats “may safely be estimated in 1862 at double that of American cotton”.⁶⁰ Early in 1863, *The Times* reported that “inferior pickings, which are not fit for the European market... are being packed off, in the hope that under the present emergency they will take in the market.”⁶¹ Nor was India the only exporting country to let standards slip during the gold rush of 1862. According to another broker, “we have received from Egypt the greatest apparent rubbish in the shape of cotton which that country ever exported.”⁶²

The quality of the raw cotton was not the only issue affecting wastage during the war years. Indian cotton was of a shorter staple (length of fibre) than American. More was needed to produce the same amount of yarn. According to *The Economist*, “in order to make [Indian cotton] into equally strong yarn [as American] it requires to be harder twisted... The consequence is that the same machinery will give out from 10 to 20% more American yarn than Surat yarn.”⁶³ These machines had been set up to run the American staple. Spinners struggled to make them run smoothly on an inferior raw material, and one for which they were not designed.⁶⁴ However, since 75 per cent of Britain’s raw cotton in 1862 came from India, it was clearly not impossible. It is hard to disentangle objective problems from prejudice

⁵⁷ A US correspondent claimed to have “separated the sand from the cotton by hand; the result was 80 per cent cotton and 20 per cent sand” (*Liverpool Mercury*, 9 October 1860).

⁵⁸ Baynes, *Cotton Trade*, pp. 98-99

⁵⁹ Smith, *Trade of India*, p. 29

⁶⁰ Arnold, *History*, p. 168

⁶¹ *The Times*, 9 February 1863

⁶² Thornely & Pownall, annual CC for 1862, LRO, 380 COT/1/11/67

⁶³ *The Economist*, 13 April 1861

⁶⁴ Arnold, *History*, pp. 168-169; Forwood, ‘Influence’, p. 375; Farnie, *English Cotton*, p. 153; *The Economist*, 13 April 1861

on this issue. It may be that the difficulty of spinning Indian cotton was exaggerated by some spinners, prepared to sit out the scarcity rather than have to use Surats.⁶⁵ Williams claimed that many spinners “have closed their mills, rather than consent to spin Surat cotton”.⁶⁶ Nevertheless, it is easy to see why, apart from the question of product quality, wastage might have been higher in 1862. Other anecdotal evidence suggests that losses on Indian cotton gradually returned to more normal levels afterwards. That year was the nadir.

There must have been another quality problem during the war, although no published reference to it has been found. In Liverpool, samples were taken from the bales of cotton arriving, and sales were made on the basis of the samples. This system could operate successfully only when there was confidence that the sample would match the rest of the consignment. This was broadly the case with American cotton but, during the war, there cannot have been a commensurate confidence in its replacements. It is inconceivable that Indian cotton, and perhaps some other, could have been graded and packaged with a consistency equal to American, as was shown by Smith’s remarks, cited in Chapter 2.⁶⁷ There must have been immense problems during the war with the system of selling from samples.

The quality issues that affected raw cotton from several countries from 1859 onwards, together with the wastage implications of the temporary switch from an overwhelmingly American supply to a largely Indian supply, mean that this topic cannot be regarded as of marginal importance. If one wishes to quantify the effective supply of cotton during the war, one has somehow to quantify the increased levels of wastage. Precise figures for loss during manufacture were not collected on a formal basis: they were always estimates. Several sources other than Baynes provide information on the subject during the war years. Ellison estimated wastage figures for cotton spinning at “10½ per cent for the six years ending with 1861; 17 per cent for 1862; 15 per cent for 1863, and 14 per cent for 1864 and 1865”.⁶⁸ William Forwood, Vice-President of the Liverpool Chamber of Commerce, quoted the same figures later.⁶⁹ Williams produced similar figures.⁷⁰

⁶⁵ Arnold, *History*, p. 167

⁶⁶ Williams, *Seven Years*, p. iv (appendix), 19 November 1862

⁶⁷ Smith, *Trade of India*, pp. 12-14, 27-31, 37, 53-57

⁶⁸ Ellison & Haywood, annual CC for 1865, LRO, 380 COT/1/11/70

⁶⁹ Forwood, ‘Influence’, p. 382

The figures produced by Baynes cannot be reconciled with those advanced by the others, yet all of them are reliable witnesses. Some other factor must have been involved, perhaps not mentioned because it seemed obvious, and possibly concerning the recycling of waste material.⁷¹ If Baynes was correct in saying that losses on Surats were running at up to 40 per cent in 1857, they must surely have been running at up to 50 per cent in 1862. If half the Indian cotton supply of that year had really been waste, it seems inconceivable that the cotton trade would not have said so loudly. The only such reference that has been found, paradoxically from Ellison, is that “it is probable that three-fourths of the excess [in stock levels] consists of the merest rubbish, and which, if converted into yarn, would lose from 40 to 50 per cent. of weight during the process.”⁷² This comment suggests that such wastage levels were not representative, so perhaps Baynes was in the habit of buying inferior cotton. In any event, it is safer to use Ellison’s figures for wastage. They may seem low, but this is partly because Ellison estimated that the shortage of the raw material had forced spinners to find economies of usage of about 3 per cent.⁷³ Table 4.4 uses Ellison’s figures to produce a column for the production of yarn that is as close as one can get to quantifying the effective raw cotton supply to British spinners during the war. The data are again indexed on 1860. For the three main years of the war, 1862-64, more than half the pre-war supply was denied to the market. The situation improved in 1865 only because American imports resumed towards the end of that year. It should be noted that Ellison, who used his own methodology to estimate consumption, produced figures that tally closely with those in the ‘yarn produced’ column of Table 4.4.⁷⁴

Now that reliable consumption figures have been established, it becomes possible to discuss the levels of raw cotton stocks. The stock figure alone is meaningless unless related to consumption. As a preface to the discussion, a number of points should be made. The first is that Liverpool needed to maintain a permanently dependable level of stock for British spinners, thus enabling them to

⁷⁰ Williams, *Seven Years*, 1862, p. 26

⁷¹ Farnie, *English Cotton*, p. 160; Arnold, *History*, p. 514

⁷² Ellison & Haywood, annual CC for 1864, LRO, 380 COT/1/11/69

⁷³ *Ibid.* for 1865, LRO, 380 COT/1/11/70. Farnie later repeated this figure, and also Ellison’s estimates of wastage (Farnie, *English Cotton*, pp. 29, 160).

⁷⁴ Ellison & Haywood, annual CC for 1865, LRO, 380 COT/1/11/70

Table 4.4

BRITISH YARN PRODUCTION, 1856-67 (‘000 lbs)				
	Raw cotton used	Wastage	Yarn produced	Indexed on 1860
1856	926,100	10.50%	828,900	82
1857	794,500	10.50%	711,100	70
1858	909,100	10.50%	813,600	80
1859	976,400	10.50%	873,900	86
1860	1,132,000	10.50%	1,013,100	100
1861	957,000	10.50%	856,500	85
1862	430,900	17.00%	357,600	35
1863	475,500	15.00%	404,200	40
1864	568,900	14.00%	489,300	48
1865	726,100	14.00%	624,400	62
1866	900,100	13.00%	783,100	77
1867	938,400	12.50%	821,100	81

Sources: GH, TE

hold low stocks of cotton themselves. The second is that the stocks also existed for the benefit of continental spinners who bought cotton in Liverpool. This was part of the port's role as the foremost cotton depot of Europe. The third point is that stocks were a necessary buffer against temporary import shortages. The fourth, discussed in Chapter 8, is that the theoretical availability of stocks was not the same as their practical availability. At all times, holders of cotton could and did withhold stocks from the market if they expected a rise in its value, and this – although it cannot be proved, let alone quantified – was widely believed to have happened constantly during the speculative mania of the civil war. The final point is that the end-of-year figures can offer only a snapshot at a particular moment. Shipments of raw cotton were irregular. Producing countries had different months of harvest and different shipping times, so arrivals, and therefore stock levels, always fluctuated greatly within any given year. To give one example, in early September 1862 stock

cover in Liverpool was at 7 weeks; in late October it was at 29 weeks. For this reason, end-of-year stock figures are misleading and are not reproduced here. For the record, bearing in mind the emphasis that historians have placed on them, stock levels at the end of both 1860 and 1861 were low. The average end-of-year stock at ports for the period 1852-61 represented 11 weeks of trade sales. In 1860 it was 9 weeks, and in 1861 12 weeks. Without the cut-back in production in late 1861, caused by the outbreak of war, the 1861 figure would have been less than 6 weeks – the lowest end-of-year stock for the entire ten years.

Brady, who managed to convince himself that there was no cotton scarcity in Britain during the war, based his argument largely on stock levels, and on the allegation that “the stocks of raw cotton in the United Kingdom did not fall significantly during the ‘Cotton Famine’.”⁷⁵ Brady chose to study the stock only at year-ends, despite the fact that weekly figures are available and would produce different conclusions.⁷⁶ It could be pointed out that average port stocks in Britain in the 13 weeks ending 8 August 1861 were 522 million lbs, whereas in the 13 weeks ending 19 November 1863 they were 90 million lbs. However, to emphasise this selective piece of data would be to obscure the more important points: that stock levels always needed to be reasonably high, and that they were always volatile, for the reasons given.

The absolute level of port stocks is given in Figure 4.1, together with an estimate of mill stocks taken from the modelling used to construct Figure 4.3. It can be seen that for a short period, from March to mid-September 1861, stocks were high, although still below the level of a year earlier.⁷⁷ The stock cover in weeks at the prevailing level of production is shown in Figure 4.2.⁷⁸ Because a significant portion of the port stocks would be sold as re-exports, this element (calculated by applying the year’s percentage of re-exports to weekly stocks) has been deducted from the port and total stock lines in Figure 4.2 (but not in Figure 4.1), to give a truer picture. At several points during the war, total stock levels were very low

⁷⁵ Brady, ‘Reconsideration’, p. 157

⁷⁶ Augar also criticised Brady’s “unsound statistical technique” (Augar, ‘Cotton Famine’, pp. 29-35).

⁷⁷ Table 5.3, page 129

⁷⁸ Figure 4.2 is compiled from the LCBA’s weekly figures for port stocks and calculated sales to spinners, plus the estimates of weekly production and mill stocks that will be provided in Figure 4.3.

Figure 4.1

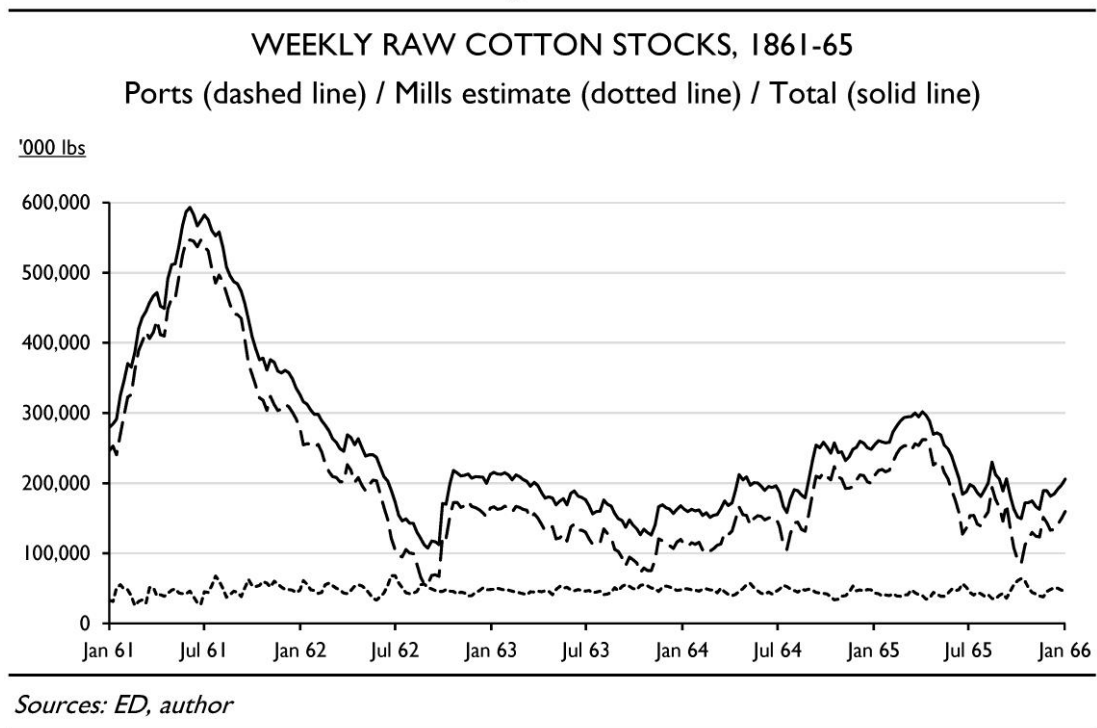
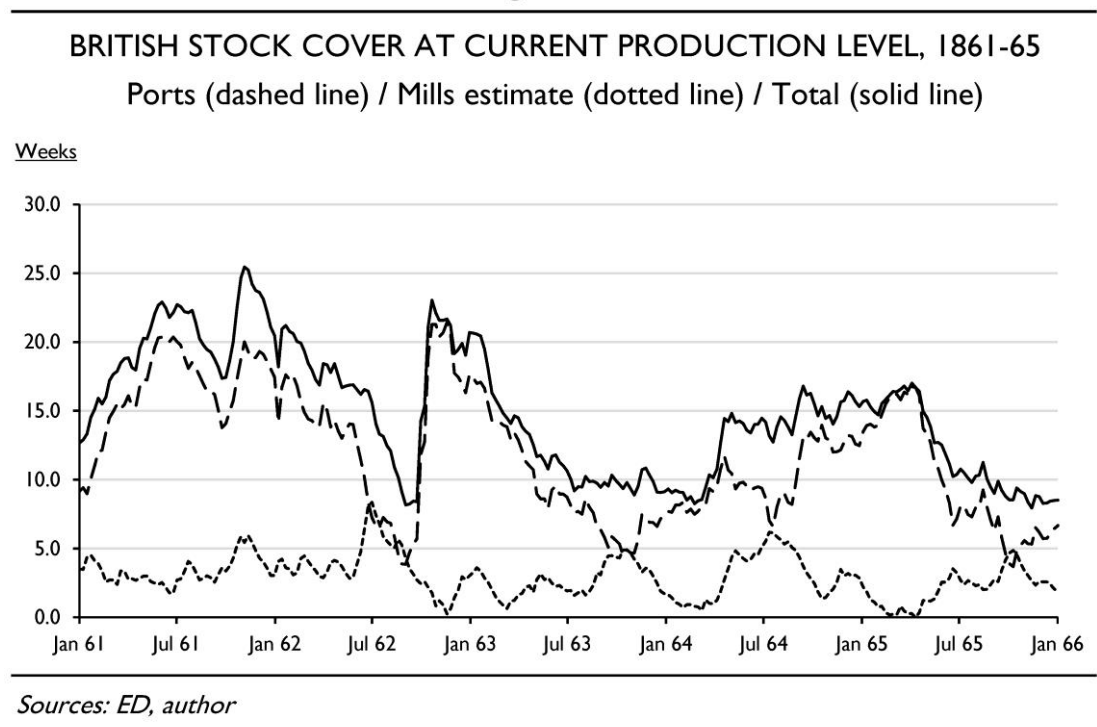


Figure 4.2



indeed, even if all the cotton had been of usable quality and available for sale. Throughout September 1862, effective cover was less than 9 weeks. From July 1863 to April 1864, it was from 8 to 11 weeks; from September to December 1865, 8 to 10 weeks. This gave the trade little margin for error. The spinners were sailing

close to the wind for almost the whole war. There were times when their mill stocks must have been close to non-existent.

However, the more important question is what the stock figures prove. There is no reason in principle that stock cover should have been lower during the famine than before or after it, relative to the level of production. Brady seems to have taken the presence of *any* stocks as proving a sufficiency of cotton. This suggests a fundamental lack of understanding both of the raw cotton market and of the requirements of a manufacturing industry. As Chapter 7 explores, Liverpool conducted its business in its own way and with little regard to the interests of Manchester. Of itself, the stock level in Liverpool proves nothing, especially when Brady's discussion of it only peripherally mentions price. The criticism of his argument is not so much that it is wrong about stock levels – although it is – but rather that these levels are largely irrelevant to the issue of a cotton scarcity. It is therefore not surprising that his conclusions were so mistaken.

Brady quoted at length from a journal article in support of his conclusions. The article is referenced as coming from *The Westminster Review* of July 1863. In fact it came from the *London Quarterly Review* of January 1865 – from a review of Arnold's book that repeated much of his text verbatim.⁷⁹ However, there was a different article in *The Westminster Review* of July 1863, written by John Maclure, Secretary of the Manchester Relief Committee. It repeats the allegation of over-production, but in every other respect Maclure's piece confirms the findings of this thesis and contradicts Brady's conclusions. It is especially good on the critical importance of price, both of the raw material and of finished goods:⁸⁰

The vast cotton trade of England is virtually dependent on the low price of the manufactured article. Every penny added to the cost of the raw material or the production represents a great reduction in the consumption... No reasonable man can feel the least security that any supply of cotton to equal that of recent years is, on the wildest anticipation, likely to be forthcoming from non-American sources for two years at the very least. But unless the supply reaches and steadily promises to remain at its recent level, the price, which is

⁷⁹ Anon., Review of 'The History of the Cotton Famine' (by R. Arthur Arnold), *British Quarterly Review*, Vol. 41 (1865), pp. 358-380

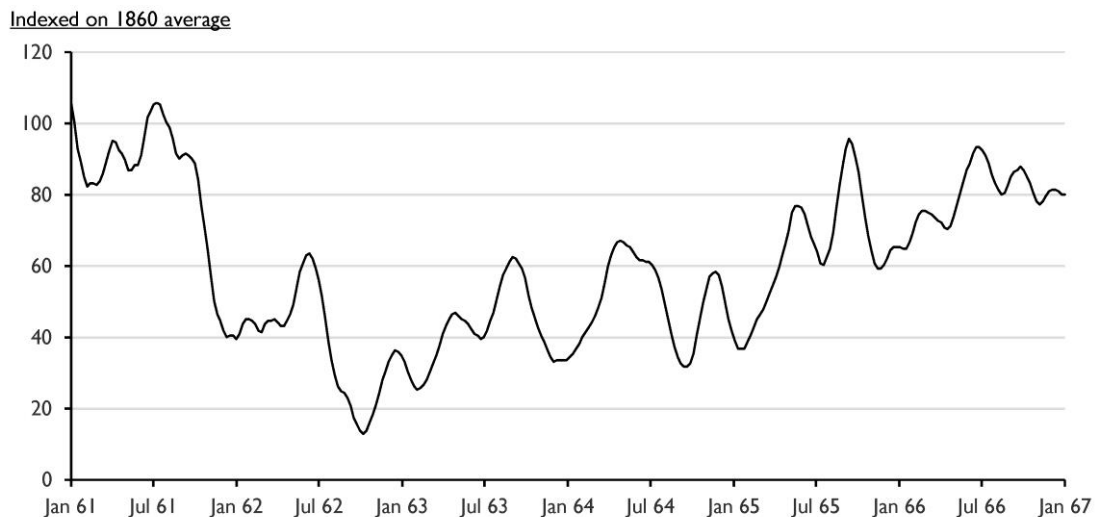
⁸⁰ J. Maclure, 'Report of the Central Relief Committee of Manchester 1862-1863', *The Westminster Review*, Vol. XXIV, July 1863, p. 194

the principal object to be considered, must remain high, and whilst the price of cotton remains high the production must remain restricted.

No information exists for the weekly output of mills during the war, but it is possible to construct a model that shows rough yet probable levels of production. It is known how much cotton spinners bought on the Liverpool market each week. By smoothing these figures to remove the most extreme variations, while ensuring that the resultant mill stock figure is never negative and remains within plausible boundaries, one can produce estimated weekly production figures. These are given in Figure 4.3, which shows that only after the end of the war did production levels start to climb back towards pre-war levels. This undermines the notion that the famine was a short-lived catastrophe. In December 1864, the number of those out of work was still at half the level of two years earlier, and would have been considerably higher but for mill-workers finding alternative employment or emigrating.⁸¹ Altogether, 90,000 operatives left the industry during the war, about 14 per cent of the workforce.⁸²

Figure 4.3

CALCULATED SPINNING VOLUME, 1861-66



Sources: *ED*, author

⁸¹ J. Watts, *Facts*, pp. 227-228

⁸² Owsley, *King Cotton*, p. 144

The situation for the weaving sector was as dire as it was for the spinning sector. The selling price for both sectors was unable to keep pace with the cost of the raw material, with the result that margins fell drastically on a volume that was also heavily reduced.⁸³ Table 4.5 explains the picture in detail. The cost of the raw material, which was at roughly 36 per cent of sales value before the war, more than doubled to 75 per cent at its peak in 1864. Although the relative cost of wages fell, the balance left for capital costs and profit was not much above zero in the three main years of the war. This may be contrasted with Arnold's assertion that "to the cotton trade there came in these days an unlooked-for accession of wealth, such as even it had never known before ... in place of the hard times which had been anticipated, and perhaps deserved, there came a shower of riches."⁸⁴

Rather like the *ryots* and merchants in India, weavers improved their margins by adulterating their product. The *Mercury* complained that "certain samples of goods have been analysed, and found to contain only about 60 per cent of cotton fibre. The proportion of fermented flour was 14 per cent, and mineral matter 13 per cent."⁸⁵ Smith elaborated:⁸⁶

The practice of sizing cloth with flour and other ingredients ... had always prevailed to a moderate and allowable extent... But when the price of Cotton per lb. actually overshot that of Cotton cloth, as it did many times in the last three years, manufacturers were driven to size their cloth excessively to make a livelihood. It was woven from the coarsest yarn they could make use of, and saturated with cheap and worthless ingredients... From all parts of the world complaints were received of the worthlessness of these adulterated goods. Great quantities of them arrived abroad mildewed and rotten, and those that were sound had no durability.

It is true, as Arnold and others have alleged, that manufacturers did profit from a windfall early in the war, when they were able to sell accumulated stocks, produced at a pre-war cost, at the higher price then obtaining. That was hardly their fault, and the prices at which the stock was sold showed nothing like the

⁸³ For monthly data on the prices of cloth and yarn, see Anon., 'The Consumption of Raw Cotton and the Price of Raw and Manufactured Cotton, 1860-64', *Journal of the Statistical Society of London*, 28.2 (June 1865), pp. 229-232.

⁸⁴ Arnold, *History*, p. 81

⁸⁵ *Liverpool Mercury*, 8 November 1865

⁸⁶ Smith, Edwards & Co., annual CC for 1864, LRO, 380 COT/1/11/69

Table 4.5
MANUFACTURING COSTS AND MARGINS, 1856-66

	Cotton used (⁰⁰⁰ lbs.)	Average pence (p.) per lb.	Cost of raw cotton (£ ⁰⁰⁰)	Cost of wages etc. (£ ⁰⁰⁰)	Sales value (£ ⁰⁰⁰)	Raw cotton (%)	Wages etc. (%)	Capital costs & profit (%)
1856	926,100	2.54	23,523	27,565	62,748	37%	44%	19%
1857	794,500	2.84	22,564	25,445	59,838	38%	43%	20%
1858	909,100	2.53	23,000	27,910	63,084	36%	44%	19%
1859	976,400	2.58	25,191	30,330	72,223	35%	42%	23%
1860	1,132,000	2.54	28,753	33,600	80,588	36%	42%	23%
1861	957,000	3.40	32,538	31,360	74,331	44%	42%	14%
1862	430,900	5.80	24,992	14,520	42,726	58%	34%	8%
1863	475,500	8.63	41,036	15,690	59,795	69%	26%	5%
1864	568,900	10.07	57,288	18,680	76,307	75%	24%	0%
1865	726,100	7.07	51,335	23,850	83,266	62%	29%	10%
1866	900,100	5.85	52,656	31,288	102,763	51%	30%	18%

Sources: GH, TE

advance attained by the raw material.⁸⁷ A contrarian argument would be that, had the manufacturers not held those stocks and been able to sell them at a higher price, more mills would have needed to close and more people would have been thrown out of work. Ellison put it fairly when he wrote that “many millowners ... regained a portion of their losses, in the shape of profits on stocks held at the commencement of the famine; but a large number lost nearly everything they were worth, while many were reduced to bankruptcy.”⁸⁸ It may be, as Edmund Ashworth hinted, that some manufacturers took a quick profit from the stocks and then closed their mills.⁸⁹ That would rightly have provoked anger, but it is a moral issue, not one of economics, and it does not justify tarring the whole trade with the same brush.

Despite all the evidence of a scarcity of raw cotton, Brady wrote that “contemporary data and literature ... suggest that the so-called Cotton Famine was not predominantly due to a shortage of the raw cotton input.”⁹⁰ As has been shown, contemporary data suggest no such thing. But, if Brady’s starting point was contemporary literature, it is not surprising that he reached the conclusions he did. Because the reach of the British cotton trade was global, it is easy to underestimate its frequent insularity and myopia. The international element was the mercantile arm. The manufacturing arm, despite the fact that it sold throughout the world, albeit mainly to end customers it barely knew except through their burgeoning orders, was firmly rooted in Britain, in Lancashire, and in the present.⁹¹ The cotton brokers in Liverpool were similarly insulated from a wider perspective. The mentality of the cotton trade was to forget what had happened 10 years ago, five years ago, five minutes ago, and to concentrate on the immediate present, and on how five minutes’ time might differ from now. This attitude is evident throughout Williams’s compilation of his end-of-year circulars for the years 1861-67.⁹² Each year’s report starts from the present reality. Almost nowhere is there a sense of what has been lost since 1860. This is not to ridicule his attitude: he was writing for

⁸⁷ Forwood, ‘Influence’, p. 373

⁸⁸ Ellison, *Cotton Trade*, p. 96

⁸⁹ Boyson, *Ashworth*, pp. 80-81; this was confirmed by Augar (Augar, ‘Cotton Famine’, p. 350).

⁹⁰ Brady, ‘Reconsideration’, p. 156

⁹¹ Farnie, ‘Cotton, 1850-1896’, p. 357

⁹² Williams, *Seven Years’*

clients who did indeed want to know whether things would improve or worsen from the immediate present. But this attitude is not helpful to historical analysis.

“We can now congratulate ourselves,” wrote Williams – never averse to a little self-congratulation – in December 1863, “that even should the American war still continue for years, the dangers of a Cotton Famine are passed by and overcome.”⁹³ A year later, in December 1864, he announced that “independent of the ending of the American war, all danger of a scarcity of Cotton has now disappeared.”⁹⁴ Returning to reality a year later, and in apparent contradiction of all he has been saying, Williams reports that “this last has been the fifth year of but half production of Cotton Goods.”⁹⁵ Williams – “a reputed oracle on cotton”, according to William Forwood⁹⁶ – was far from the only pundit made to look a fool during the civil war, and no one should underestimate the difficulty of forecasting the future in the most turbulent of circumstances. But it is still remarkable that he should write from such a warped perspective. Nor was he the only culprit: if taken at face value, many of the brokers’ comments make little retrospective sense.

Two quotes in particular exemplify this. At the end of 1860, the brokers Colin Campbell & Son wrote that “any undue advance in the value of the raw material, would, at once, cause a system of economy to be adopted, and in that case, the Consumption would readily adapt itself to the Supply, and, thereby, do away with the probability of scarcity, which has frequently been predicted, but never experienced.”⁹⁷ By this logic, a scarcity could never be experienced: its *reductio ad absurdum* would be that, in the absence of any cotton, consumption would ‘readily adapt’ itself to zero. Three years later, the same broker wrote that “it is a remarkable fact that ... our supplies from that quarter [America] have nearly doubled,” without mentioning that this doubled quantity constituted a 95 per cent reduction in the American supply of three years earlier.⁹⁸ Williams and Campbell may have been extreme examples, but they were not untypical. An absence of perspective was shown by most commentators during the war. The lack of a realisation that they were describing an unrecognisably changed market was almost

⁹³ Williams, *Seven Years*, 1863, p. 38

⁹⁴ *Ibid.*, 1864, p. 79

⁹⁵ *Ibid.*, 1865, p. 11

⁹⁶ W. Forwood, *Recollections of a Busy Life* (Liverpool: Henry Young & Sons, 1910), p. 45

⁹⁷ Colin Campbell & Son, annual CC for 1860, LRO, 380 COT/1/11/64

⁹⁸ *Ibid.* for 1863, LRO, 380 COT/1/11/68

universal. One reason why Samuel Smith and the Neill brothers are quoted so extensively in this thesis is that they were among the few who can be absolved of this criticism.⁹⁹

Many brokers lost all sense of the historical continuum of their market. They described only how things seemed to them at that particular moment in Liverpool, which is not how they seemed anywhere else, notably in Manchester, nor how they should seem to any subsequent historian. The scarcity affected both cotton communities, but it did not affect them equally. When a commentator such as Williams expresses the view that “we shall, ere very long, be receiving more Cotton than we require,” he is referring to cotton at the price it is currently obtaining. At that inflated price, demand is suppressed and available supplies will be sufficient. Williams’s comments were typical of those whose livelihoods depended on raw cotton, now selling in small quantity but at exorbitant prices; they did not reflect the views of those whose livelihoods depended on manufacturing it in bulk, who had invested in extra machinery to do so, and who were now receiving less than half the supply that they and their machines needed. Without the war, prices would have been nowhere near those levels; demand would have been much greater; supply would have been available. The assorted remarks of many cotton brokers make sense only in light of the fact that their observation point was fixed in Liverpool, and in the immediate present. There is little sense of Manchester, little sense of what used to be, and no sense at all of what might have been, but for the war.

Into this hall of mirrors stepped Eugene Brady. He concluded that “rather than causing a significant physical shortage of raw cotton, the American Civil War induced expectations *which were never realized* [emphasis added] of a future shortage.”¹⁰⁰ Everything in this chapter contradicts that conclusion. Even if one maintains that a market that had grown consistently for years, decades in fact, would suddenly have stopped growing for no apparent reason, one cannot contend that there was no scarcity. The question now is whether it was the principal cause of the famine.

⁹⁹ Another exception to this criticism was William Forwood. A Liverpool merchant, Forwood demonstrated an equal awareness of the problems of Manchester and a well-balanced understanding of competing pressures on the cotton industry worldwide (Forwood, ‘Influence of Price’).

¹⁰⁰ Brady, ‘Reconsideration’, p. 162

5

THE UNCHARTED MOUNTAIN OF COTTON GOODS

Why the cotton famine was not caused by pre-war over-production

The fact that the over-production claim has never been scrutinised is not for want of data. There are full statistics on Britain's cotton production, exports and stocks in the years before the the civil war and every means of assessing whether the immediate pre-war years were anomalous or not. There are weekly market data for those same years, to enable a judgment as to whether the trade's behaviour was consistent with a realisation that too many cotton goods had been produced. There are the reports of the brokers, who might have been expected to comment with concern upon what, in retrospect, Ellison called a "gigantic amount of over-trading".¹ These varied sources are now examined in detail. Not one of them supports the claim of substantial pre-war over-production. Furthermore, contemporary sources that contradicted the claim have been suppressed or ignored.

The allegation of an over-stocking of export markets reared its head before Lincoln's election, before the civil war was even a remote possibility. The first discovered reference to it dates from May 1860, in the CSA's annual reports:²

Much has recently been said in disparagement of the extensive increase that has taken place in our exports to India and China, and that the trade of those countries has been overdone through goods being forced into those markets by reckless consignors. But we can only look upon the assertions of such fallacies as emanating from persons unacquainted with the resources of India and China, and their capacity to consume Cotton Manufactures... It is perfectly absurd to suppose that they are over-clothed with our goods.

It has to be admitted that the CSA is not the most reliable witness, but plenty of other evidence is available to support its conclusion. It would appear that the issue lay fallow until late 1861, when the introduction of short-time working invited

¹ Ellison, *Cotton Trade*, p. 77

² CSA Annual Reports, JRL, OTEA, 1860, p. 28

discussion as to its causes. From then until the publication of Arnold's book in 1864 and beyond, it was the subject of an intense debate. However, it must be remembered that almost all the references to over-production and to glutted markets date from late 1861 onwards, by which time the global cotton market had been turned on its head. This will be demonstrated shortly by looking at the end-of-year circulars of the cotton brokers. It is also confirmed by the timing of such comments by the manufacturers themselves.³

In November 1862, *The Economist* first went to war on the issue:⁴

One of the most astonishing of the doctrines gravely propounded is that there is in reality no cotton famine at all, and that the prevailing distress is the result simply of over-production... These strange stories are set afloat by persons who evidently know nothing about the cotton manufacture; nor, it would seem, about any kind of trade whatever.

This view did not impress Henry Reeve, the author of an anonymous article in the *Edinburgh Review* in January 1863:⁵

Why, then, are so many mills closed? The reason is obvious. About eighteen months ago, at the commencement of this crisis, the markets of the world were literally encumbered with Manchester goods. Had a sale been forced, they would not have fetched a tenth of their value, perhaps not of their cost. So large was the stock on hand that it has sufficed to supply the whole demand of the world for nearly two years with no very great augmentation of price.

The Economist was apoplectic at this claim. It demolished "a rambling article in a once eminent ... periodical [containing] ... views and statements ... marked by an inaccuracy so startling and an ignorance so profound that they cannot be passed over in silence." The paper then advanced a contrary version of events:⁶

The statement that the stock then on hand [at the end of 1860] has sufficed to supply the wants of the world for two years is equally extravagant and ignorant, – and the reference drawn from it, that for *some time back* the production of cotton goods has exceeded the demand, is utterly unwarranted, and indeed is contradicted, by well-ascertained facts. That up to the close of

³ Augar, 'Cotton Famine', pp. 23-26

⁴ *The Economist*, 1 November 1862

⁵ *Edinburgh Review* (Edinburgh: A. & C. Black, 1863), Vol. CXVII, January 1863, 'Public Affairs', p. 280. Reeve did not consider why, if stocks were so vast, there had been *any* augmentation in price.

⁶ *The Economist*, 31 January 1863

1860 there was no 'glut' or 'over-production' is clear from the circumstance that 1858, 1859, and 1860 were the most profitable years cotton manufacturers and cotton exporters have ever known⁷... It is particularly deserving of notice that the Indian trade, which is now considered to have been the most overdone, was the most profitable branch of all, – so that till the end of 1860 at least there was no 'glutting' of that market.

Historians have chosen to ignore the opinion of the most eminent economic paper in the country to the extent of not even mentioning *The Economist's* arguments, let alone engaging with them. They have also chosen to prefer Arthur Arnold's interpretation of events to that of John Watts, who wrote the more authoritative of the two contemporary books on the famine.

Arnold did not mention *The Economist's* arguments, although he must surely have been aware of them. They were known to Henderson, who referred to them in a footnote without saying what they were. Instead he wrote that "at the time, many believed that the American War was the *sole* cause of the crisis and cotton manufacturers naturally did nothing to dispel this impression... Contemporary economists (Karl Marx), historians (J. Watts, R. A. Arnold), publicists (Torrens) and well-informed persons generally, recognised the truth."⁸ But they did not: they recognised what they wanted to recognise, and it was not the truth. It is, moreover, discreditable to recruit Watts to the ranks of the over-productionists. Watts did not endorse this view. He wrote that "if there had been no war in America, the large profits of 1859-60 would have been brought down to average by a heavy fall of prices on accumulated stocks in 1861."⁹ That is a very different claim, and one that might have proved true.

Yet Arnold's book has come to be regarded as the main primary source on the famine. Henderson confirmed this anointment in the 1930s, and everyone since has assumed it. But Arnold's claims have never been examined, not even by himself. Over-production is a term that demands to be defined if it is to be blamed for the famine. If manufacturers produced too much in those years, what should they have produced? If stocks of cotton goods were too high, what was the correct level of stocks? These issues are not addressed. Not by Arnold; not by Henderson; not by

⁷ Table 4.5 (page 111) provides the evidence for this.

⁸ Henderson, *Famine*, p. 11 footnote

⁹ J. Watts, *Facts*, p. 356

anyone since. *The Economist* addressed them at the time. “The truth is this,” it said, “... ‘over-production,’ and ‘over-supply,’ are purely relative terms, and are so vague and inaccurate that it would be well if we could forego their use. In one sense, over-production and glutted markets must be matters of periodical recurrence.”¹⁰ Arnold, on the other hand, did not seem even to understand the need for stocks, or the part they played in the global cotton trade. “[The trade] had in hand a stock of goods sufficient for the consumption of two-thirds of a year,” he wrote in evident amazement.¹¹ In reaching this figure, he has conflated the stocks of the raw material with the stocks of finished goods, despite the fact that these played two quite different roles within the market and had no inherent connection with each other.

Perhaps it was inevitable that the plutocrats of the cotton trade would become scapegoats for the famine in the eyes of those who knew little about business, but who started with a prejudice against the mill-owners. In a situation that was so confused that it was possible to sustain, with some credibility, any number of viewpoints, it must have been tempting to many to choose the one that temperamentally suited them. When Arnold, a future Radical MP, claimed that, during the famine, “to the cotton trade there came ... a shower of riches”, he is making an absurd claim.¹² As was shown in the last chapter, manufacturers processed, on average, less than half the raw cotton their mills needed for at least three years. The rise in price of cotton goods lagged a long way behind the rise in price of the raw material. The fixed costs of the mills were spread over less than half their normal volume base. As with any recession, different companies were affected to differing degrees, but overall it cannot be said that manufacturers had anything other than a torrid time throughout the civil war. Even Henderson felt obliged to distance himself from his mentor on this issue: “while some manufacturers and agents made considerable profits, others made none of the exceptional gains that have been described but suffered severely throughout the Cotton Famine and the subsequent financial crises.”¹³

¹⁰ *The Economist*, 31 January 1863

¹¹ Arnold, *History*, p. 81

¹² *Ibid.*, p. 81. Ellison estimated trade losses during the famine at about £40 million, excluding the loss of wages – equivalent to about £4 billion today (Ellison, *Cotton Trade*, p. 96).

¹³ Henderson, *Famine*, p. 19

In Britain, the insistence on over-production may principally have had the political purpose of blaming mill-owners for the famine. In America, there has been a parallel debate. There, the issue translates to a supposed over-abundance of supply. And the political edge to the debate is that, because of this alleged over-supply, the South chose the least favourable moment to implement the King Cotton strategy. In addition to Brady's comments, Howard Jones declared that "bumper crops in the two years previous to the war had allowed the two chief benefactors of that trade, Britain and France, to stock huge surpluses that freed them from economic pressure throughout this pivotal period."¹⁴ Gavin Wright was of the opinion that, "between 1860 and the late 1870s, [worldwide] cotton demand plunged and then stagnated," without appearing to relate reduced sales either to the reduction in the availability of cotton or to the rise in price.¹⁵ David Surdam has considered these implausibilities with the aid of detailed economic modelling, and with due weight given to the views of *The Economist*, from the point of view of the worldwide, not purely the British, demand for raw cotton. His conclusions mirror those reached here: the world market was strong at the beginning of 1861; demand did not significantly weaken for most of that year; stocks of raw cotton were not inordinately large; raw cotton prices showed little, if any, weakening; the period 1861-62 should have been an effective time for the Confederacy to use its power in the market.¹⁶

It is disappointing that Farnie, normally a beacon of lucidity, should have been more vituperative than anyone in ridiculing the idea that the civil war was responsible for the famine, referring to it as "a stupefying misconception".¹⁷ The pages in which Farnie discusses these issues are laced with an extreme animus towards the cotton trade in particular and free traders in general.¹⁸ He refers to a "shortage of cotton which had not in fact existed" and endorses Brady's placing of the blame for the depression "almost wholly upon the preceding period of production which had expanded far in excess of any existing demand".¹⁹ The most

¹⁴ Jones, 'Union', p. 2

¹⁵ G. Wright, *Old South, New South* (New York: Basic Books, 1986), p. 56

¹⁶ Surdam, 'King Cotton', pp. 125-126

¹⁷ Farnie, *English Cotton*, p. 143

¹⁸ *Ibid.*, pp. 138-153

¹⁹ *Ibid.*, p. 144

misleading, slender, and selective of evidence is produced to justify these extreme statements. Farnie reports that the stocks of cotton goods were at 23.5 per cent of annual production at the end of 1860, and at 33.6 per cent at the end of 1861.²⁰ This statement is not contextualised by a discussion of the level of such stocks at other times, nor qualified by recognition that the 1861 figure might have been affected by the outbreak of the civil war. As part of the evidence for a crisis in the export trade, Farnie reports that “the export ... to the U.S.A. sank by 64.5 per cent ... after the outbreak of war,” without mentioning that the introduction of the Morrill tariff was responsible for this.²¹ He claims that there was a “heaping up of stocks” of raw cotton in Liverpool, but goes on to discuss their level in bales, which results in conclusions that are categorically wrong.²² He states that “supplies of American cotton ... continued to flow across the Atlantic and furnished in 1861 ... 65 per cent of [the cotton] imported by Britain,” without mentioning that 99.7 per cent of this import arrived before the Confederate embargo was imposed in July, which he does not mention either.²³ Nor does he say that very little American cotton arrived in Britain for the following four years. He alleges that the price of raw cotton “remained low for six months after the bombardment of Fort Sumter”, whereas in fact it rose by 56 per cent.²⁴ He borrows Arnold’s phrase, “a shower of riches in place of the anticipated hard times”, without acknowledging a source, and despite the fact that elsewhere he catalogues the heavy decline in mill profits.²⁵ All in all, Farnie’s chapter on the civil war cannot be said to be the finest hour of his distinguished career.

The greatest criticism of his contribution to the debate is that he has fallen prey to two failings of which he, of all people, is usually innocent – the failure to contextualise the period and the failure to comment on the issue of price. He writes that “if those [re-]exports [of raw cotton] had not doubled, then the consumption of cotton by the mills of Lancashire might have been maintained in

²⁰ Farnie, *English Cotton*, p. 140

²¹ *Ibid.*, p. 139

²² *Ibid.*, p. 141

²³ *Ibid.*, p. 142; Donnell, *Chronological*, pp. 508-509

²⁴ Farnie, *English Cotton*, p. 141; Donnell, *Chronological*, pp. 508-509

²⁵ Farnie, *English Cotton*, pp. 141, 140, 163

1862-5 at an average level ... only one-seventh less than in 1850-9.”²⁶ Yet Farnie’s argument up to this point is that consumption did not need to be maintained at that level, or to be any higher than it was. He ignores the fact that the raw cotton did not physically exist in 1862-65 to have produced more goods: maintenance of anything close to pre-war production levels was an impossibility. And to imply that consumption from 1850-59 was static and could be treated as a single entity, when it had in fact increased by 66 per cent over the period, is entirely misleading and invalidates the conclusion – even supposing that those re-exports could ever have been available to Britain, which Chapter 4 argued they could not.²⁷ The contention of both Brady and Farnie is that the heavily reduced production levels during the cotton famine were a necessary correction of the over-production of the previous period, that stocks of finished goods were excessively high in 1861, and that stocks of the raw material were also high and – even with the reduced supply – sufficient for consumption. Price is not discussed in this context. A glut of a commodity almost invariably results in a fall in its price. The average price of yarn rose by 2 per cent in 1861, by 48 per cent in 1862, by 54 per cent in 1863 and by 6 per cent in 1864. The average price of cloth fell by less than 1 per cent in 1861 and rose by 45 per cent in 1862, by 38 per cent in 1863 and by 13 per cent in 1864.²⁸ The average price of raw cotton rose by 27 per cent in 1861, by 105 per cent in 1862, by 39 per cent in 1863 and by 11 per cent in 1864.²⁹ None of this is mentioned by Farnie. The over-productionists need to explain how these prices evidence a sufficiency of raw cotton and a surfeit of cotton goods.

There is an alternative narrative. All aspects of the British cotton trade grew strongly through the 1850s. The large American crop of 1859-60, coupled with a resultant fall in price of the raw material and the trade’s habit of manufacturing what was available when it was available, led to production somewhat exceeding demand in 1860 and the first part of 1861. Without the intervention of the war, the level of stocks would not have excited much comment, or had much effect except some reduction in prices and margins, which until then had been abnormally high. The outbreak of the civil war paralysed the global market. A prolonged war, and the

²⁶ Farnie, *English Cotton*, p. 149

²⁷ Mitchell & Deane, *ABHS*, p. 179

²⁸ Forwood, ‘Influence’, p. 373

²⁹ Donnell, *Chronological*, pp. 500-501, 508-509, 518-519, 524-525, 528-529

efficacy of the Confederate embargo and the Union blockade, would lead to a worldwide cotton scarcity and inflated prices. But no one expected a prolonged war. Augmented by continued arrivals of cotton from elsewhere and by production at a reduced level, stocks of both raw cotton and cotton goods in Britain would last longer than the maximum of 90 days anticipated, and almost certainly – although the evidence is anecdotal – stocks of cotton goods throughout the world as well. The global trade needed a pipeline of goods, and in 1861 the pipeline was well-stocked. With the uncertainty over America, the safest course of action for the trade was to sell from stock. The demand for new supplies fell immediately, which led to the introduction of short-time working. When the war failed to end, or American supplies to resume, the price of raw cotton rose rapidly. Even though the price of cotton goods failed to keep pace with this increase, it also rose substantially and continuously. The global trade was reluctant to pay an increased price while it held stocks at a lower price, bearing in mind that the war could end at any moment.

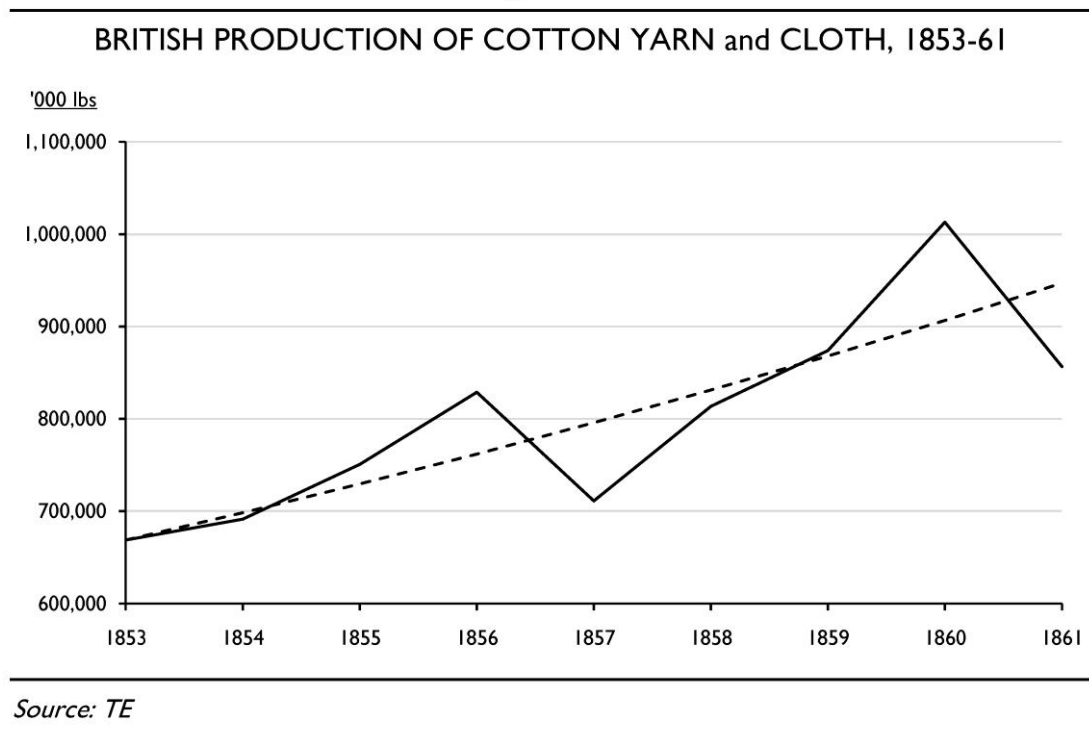
The pipeline drained throughout 1862. Until the war was over, the global trade bought only for immediate requirements, at an inflated price. The pipeline was not refilled until after the war had ended and the market had stabilised. There was a temporary, provisional worldwide cotton market throughout the war. As the Neill brothers explained it:³⁰

If we reflect upon the volume of stock in transit between the grower ... and the merchant in Liverpool; then from him through the hands of brokers, speculators, and perhaps exporters, to the spinner; and from him to the manufacturer, and thence in the form of goods to the wholesale warehouseman, and on to the shopkeeper or the exporting merchant, with, perhaps, another ten or fifteen thousand miles to travel, and foreign merchants, brokers, wholesale dealers, and retail dealers to hold it for a time before the goods finally reach the hands of the actual consumer, it is impossible to believe that this transit stock of cotton, and the productions thereof, can at any time be less than the equivalent of one year's consumption. It was formerly estimated at as much as three years' consumption. But whatever it may really amount to, it will, when duly considered, account for many seeming anomalies in the trade – such, for example, as the impossibility of moving the stocks of goods held in most markets, at any considerable advance in price, for the first twelve or eighteen months of the war.

³⁰ Neill Bros circular of 1 February 1865 (*Glasgow Daily Herald*, 4 February 1865)

This need not remain a subjective opinion. *The Economist* referred to ‘well-ascertained facts’ and they indeed exist. There is statistical evidence to support the view that there was nothing untoward about British cotton manufacture or exports in the period 1859-61. In Figure 5.1, Britain’s production of cotton goods is shown for the period 1853-61. The dotted line on the graph shows the same data as the solid line, but with the growth rate equalised over the period. In other words, the sum total of goods represented by the solid line is equal to the sum total of goods represented by the dotted line. The same technique has been used in Figure 5.2.

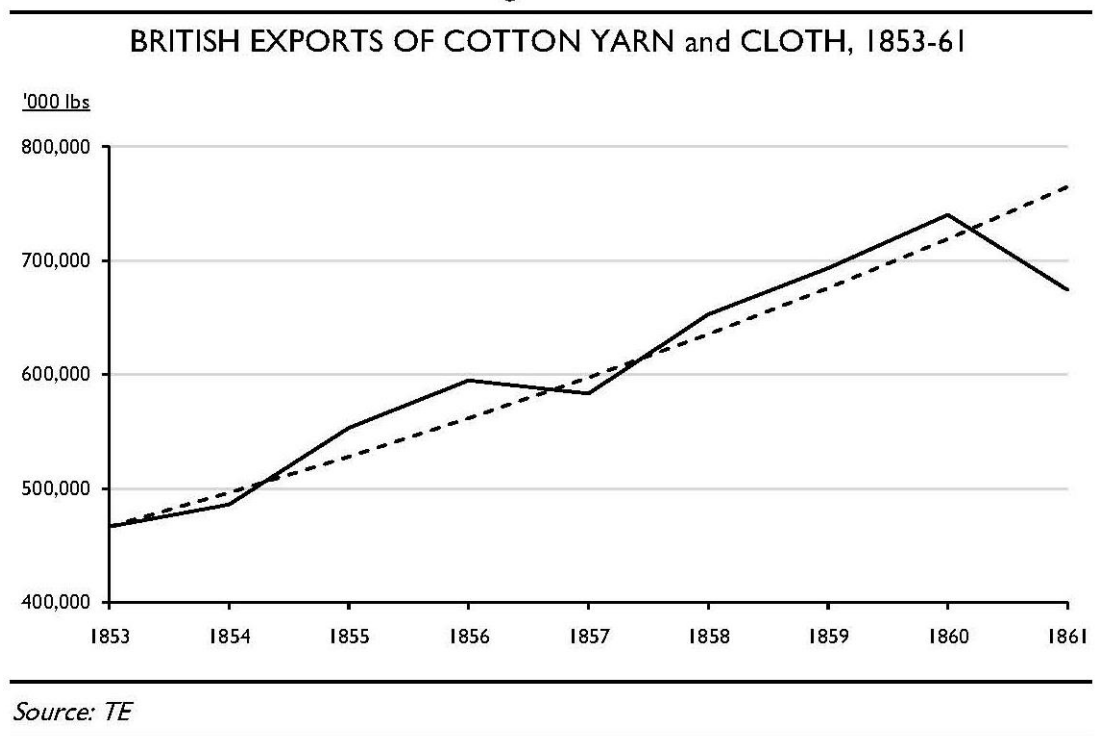
Figure 5.1



The effect is to make it easier to see anomalous years within the period. Figure 5.1 shows that production grew by a compound 4.4 per cent p.a. over the period. The rate of growth was consistent, other than in 1857, a year in which imports of raw cotton fell by 4 per cent, and in 1860, when manufacturers took advantage of a large supply and a reasonable price to produce at somewhat above the level of immediate requirements.

Figure 5.2 shows the exports of cotton goods over the same period. The years 1859 and 1860 indeed showed strong sales, but so did the period as a whole. Compound growth was 6.4 per cent p.a. over the eight years. In 1859, it was 6.2

Figure 5.2



per cent, and in 1860, 6.8 per cent. Exports then fell by 8.9 per cent in 1861. Over-productionists would say that this fall was caused by the glutting of markets, but it seems altogether more plausible that it was caused by the paralysis of demand following the outbreak of the civil war. Henderson referred to “a big temporary demand for cotton goods from the Far East (now that the Indian Mutiny and the war in China were over)” in his damnation of 1860 exports in particular.³¹ Yet there was nothing temporary about it. Exports of piece goods to India and China already stood at 388 million yards in 1850, and they reached 1,340 million yards in 1873 – a compound growth rate of 5.6 per cent p.a., despite including the war years.³² This demand cannot sensibly be described as ‘temporary’.

If the retrospective comments on the glutting of markets in 1859 and 1860 had been true, the consequence should have been either a collapse in 1861 exports, or a collapse in export prices, or both. There was neither. Exports were still 3 per cent greater than in 1858. The export prices obtained in 1861 were much the same as in 1860. The average price of piece goods fell by 3.0 per cent, while the average

³¹ Henderson, *Famine*, p. 1

³² D. Farnie, ‘Cotton, 1780-1914’, in D. Jenkins (ed.), *The Cambridge History of Western Textiles*, Vol. II (Cambridge University Press, 2003), pp. 746-747

price of yarn actually increased by 4.3 per cent.³³ Table 5.1, which gives the export figures by country for the period 1860-66, shows that exports to India and China, both supposedly saturated markets by the end of 1860, fell by only 8 per cent and 5 per cent respectively in 1861. None of this justifies the belief that markets were glutted, nor the claims that manufacturers were forced to sell at a loss. For most of the period 1850-61, the movement in price of finished goods for export compared favourably, for the manufacturer, with the movement in price of the raw material, which again suggests a consistently healthy level of demand.³⁴

Something else happened to the export trade in 1861, without which it would have contracted by less than 5 per cent: the passing of the Morrill tariff. For several years, there had been a debate in America about import tariffs, with the South and the Democrats favouring free trade, and the North and the Republicans favouring protectionism. In May 1860, Congress passed a new tariff, with the effect of raising the duty on British processed cotton imports by 71 per cent. The Democrats controlled the Senate, and continued to do so after the 1860 election, so the bill appeared to stand no chance of becoming law. However, as the Southern States seceded, their Senators and Congressmen withdrew from the Federal Government, so that in February 1861 the Republicans gained control of the Senate and the Morrill tariff passed. It came into operation on 1 April.³⁵ The effect on Britain's cotton trade was immediate and drastic. As Table 5.1 shows, exports to America fell from 45.6 million lbs in 1860 to 14.6 million in 1861, a drop of 68 per cent. This factor, a direct consequence of the politics of the civil war, was responsible for half the fall in Britain's cotton exports in 1861.

The incontrovertible fact is that the 1850s were a period of rapid international growth for British cotton goods. At certain times, there were certain problems with certain markets. That was, and is, in the nature of international trade. But there was no general problem with British cotton exports in the pre-war

³³ Ellison & Haywood, annual CC for 1866, LRO, 380 COT/1/11/71

³⁴ PP, *Statistical Abstract for the United Kingdom*, 11th No., 1864, pp. 50-51

³⁵ Palen, 'Conspiracy', pp. 33-37; K. Boodry, 'The Common Thread: Slavery, Cotton and Atlantic Finance from the Louisiana Purchase to Reconstruction' (unpublished Ph.D. thesis, Harvard, 2014), pp. 178-179; *Liverpool Mercury*, 17 April 1861. The tariff was greeted with howls of protest by Britain's cotton trade, which had conveniently forgotten that it was precisely this type of protectionism, and on a larger scale, that had enabled its own pre-eminence.

Table 5.1
BRITISH EXPORTS OF COTTON GOODS, 1860-66
('000 lbs)

	India	Europe	Ottoman Empire	S & Central America	Far East	USA	British Colonies	Others	TOTAL
1860	196,100	174,400	82,000	76,100	73,800	45,600	29,800	62,300	740,100
1861	180,000	172,000	65,700	66,700	70,300	14,600	30,900	73,900	674,100
1862	117,300	102,900	48,900	42,200	26,500	18,800	24,900	35,800	417,300
1863	128,900	74,100	66,100	44,900	16,600	13,600	18,700	33,100	396,000
1864	108,300	75,200	64,200	66,800	23,700	12,300	19,500	37,700	407,700
1865	121,400	107,100	65,800	60,000	36,300	23,300	20,300	46,700	480,900
1866	143,100	141,100	99,300	83,600	58,000	22,100	25,200	57,100	629,500

Source: MW

years. Further confirmation of the true situation is provided by the factor that is supposed to prove the opposite: the stocks of cotton goods.

Table 5.2 shows the end-of-year level of these stocks for the years 1856 to 1866 (earlier data have not been found). One must question the reliability of the figures, even if they refer only to finished goods held by manufacturers and exclude stocks held by wholesalers (which seems probable, but is not stated). With that proviso, the final column of Table 5.2 can be considered. It suggests that the stocks of finished goods were reasonably consistent from 1856 through 1860, with some increase in the latter year. There was then a further increase in 1861. However, if

Table 5.2

	STOCKS OF COTTON GOODS, 1856-66 ('000 lbs)				
	Opening stock	Manufactured	Sales	Closing stock	Weeks' stock
1856	130,000	828,900	749,700	209,200	14.5
1857	209,200	711,100	739,300	181,000	12.7
1858	181,000	813,600	810,600	184,000	11.8
1859	184,000	873,900	865,100	192,800	11.6
1860	192,800	1,013,100	913,100	292,800	16.7
1861	292,800	856,500	848,100	301,200	18.5
1862	301,200	357,600	519,300	139,500	14.0
1863	139,500	404,200	489,000	54,700	5.8
1864	54,700	489,300	517,700	26,300	2.6
1865	26,300	624,400	630,900	19,800	1.6
1866	19,800	783,100	774,500	28,400	1.9

Sources: GH, TE

the argument made in this chapter is accepted, that increase should be regarded as the consequence of the market paralysis from about mid-year. It would be helpful to have monthly export figures for 1861, but they do not appear to exist. The suspicion must be that the fall in orders began in the third quarter of the year, leading to curtailed production in the fourth quarter. In that case, additional stocks

amounting to about five or six weeks of sales had been created between the end of 1859 and mid-1861. This is a significant increase, but not large enough to justify the hysterical remarks that have been made. It may be that the stocks at the end of 1861, which were about 3 million lbs, were responsible for the currency of that figure. If so, they had not been accumulated over two or three years, as Ellison and Arnold claimed, and the commentators on the issue must have considered that the trade did not require any stock whatsoever. Stocks were not equivalent to “the consumption of two-thirds of a year”, let alone “the whole demand of the world for nearly two years”.

The more important point revealed by Table 5.2, which is so extreme that it must overcome any doubt about the precise accuracy of the figures, is the degree of destocking that took place during the war. Whatever their level before the war, by 1865 stocks of cotton goods in Britain were close to non-existent. This is the most compelling evidence for the draining of the stock pipeline in the early years of the war. If that was true in Britain, it can have been no less true throughout the world. Between Britain and India, for example, there was no telegraphic cable and the Suez Canal had yet to be built. The quickest communication took four weeks to or from Bombay and five weeks to or from Calcutta.³⁶ It would have been impossible, given the volatility of the market, for Indian merchant houses to have known the price before placing an order. They must surely have destocked in the same way, and have made small but regular orders for immediate needs.

Table 5.3 examines in detail what happened to the British raw cotton market from 1858 to 1861. The year 1858 can be regarded as a reasonable benchmark: there was nothing significant to disturb the market. In 1859, consumption was higher in every quarter. Stocks were, as usual, higher in the two middle quarters, but at much the same level as in 1858. Prices began the year lower than in 1858, but then recovered. There was nothing to suggest a problem in the market. In 1860, consumption again increased in every quarter. Stocks maintained their usual pattern, but at a significantly higher level, reflecting the exceptional American harvest of

³⁶ News of the outbreak of the Indian Rebellion was carried by a steamer that had left Calcutta on 4 May 1857 and Bombay on 12 May, and arrived in Port Suez on 26 May. The news then travelled overland to Alexandria and thence to Marseilles and London, where it was published by *The Times* – together with this information – on 8 June.

Table 5.3

QUARTERLY SALES, STOCKS and PRICE OF RAW COTTON, 1858-61				
		Av. consumption per week ('000 lbs.)	Port stocks ('000 lbs.)	Middling Orleans pence (p.) per lb.
1858	Q1	17,000	141,000	2.96
	Q2	18,900	246,400	2.93
	Q3	18,500	260,800	2.95
	Q4	15,500	155,500	2.93
1859	Q1	21,100	158,100	2.78
	Q2	16,200	238,200	2.86
	Q3	19,200	287,200	2.94
	Q4	18,700	187,000	2.95
1860	Q1	23,800	293,500	2.81
	Q2	19,500	511,400	2.66
	Q3	21,600	509,100	2.56
	Q4	22,100	294,300	2.83
1861	Q1	18,800	341,100	2.99
	Q2	20,800	498,000	3.26
	Q3	21,500	452,100	3.74
	Q4	11,200	309,400	4.76

Source: ED

1859-60. Prices dipped slightly but recovered in the final quarter, despite the higher stocks.³⁷ Crucially, by late 1860 it was already known that the forthcoming American crop of 1860-61 would be a great deal smaller than its predecessor. In the event, it was 22 per cent smaller: a major shortfall, the effects of which were camouflaged by later events, causing it to be ignored subsequently.³⁸ However, it is fundamental to an understanding of what might have happened to the British market

³⁷ One reason for the lower prices mid-year was the need to get rid of the sub-standard American cotton referred to in Chapter 4, which was sold off then at knock-down prices (Samuel Smith and Colin Campbell, annual CCs for 1860, LRO, 380 COT/1/11/64).

³⁸ And 5 per cent smaller than the 1858-59 crop (Donnell, *Chronological*, p. 504)

had the war not intervened. Both imports and stocks would have fallen anyway in 1861, the price would have risen anyway, the level of production would have needed to fall at least a little, and the stocks of finished goods – which, as with the raw material, existed partly as a precaution against a short crop – would surely have been sold off without undue difficulty.

In 1861, consumption in the first three quarters was slightly below the level of 1860, before falling sharply in the final quarter with the introduction of short-time working. Stocks remained on the high side, but were falling through the year compared with the quarterly figures for 1860, even before the Confederate embargo. But for short-time working, they would have fallen much further by the end of the year. The most striking element of the 1861 figures, apart from the down-turn in the fourth quarter, is the course of prices. They rose consistently from August 1860 onwards, before the civil war was on the horizon, in contrast with the stability of the previous three years and despite a relatively high absolute level of stocks. There are two likely reasons for this. The first was a fear that the much lower forthcoming crop would mean that an increasing demand could not be supplied. The second, growing through 1861, was a fear that the war might exacerbate this shortage, despite the fact that it was not expected to last long. The initial rise in price should therefore be regarded as the anticipation of a future reality, not the reflection of a present one. Manufacturers believed that supply was still a greater problem than demand and acted accordingly. Overall, nothing in Table 5.3 suggests a cotton market that was anticipating a fall in demand.

If there was a problem with stocks, one would have expected mounting concern as it was unfolding. The brokers' circulars are a valuable source of information. What were they were saying about the issue at the time? At the end of 1859, they were not saying anything. On the contrary: according to Hollinshead, Tetley & Co., "the demand for textiles is greater than can be supplied."³⁹ As for stocks of produce, T. & H. Littledale & Co. were pleased to say that "[they] are moderate".⁴⁰ Maurice Williams was delighted to report that "[there is] a demand for the manufactured article in excess of the power to produce ... every reason to

³⁹ Hollinshead, Tetley & Co., annual CC for 1859, LRO, 380 COT/1/11/62

⁴⁰ T. & H. Littledale & Co., annual CC for 1859, LRO, 380 COT/1/11/62

anticipate a continued healthy trade.”⁴¹ The Manchester firm of J. C. Ollerenshaw, agents for the Neill brothers, concurred: “there are no heavy stocks of goods and yarns in the world, and the trade is in as sound and healthy a position as possible.”⁴² Isaac Cooke & Sons felt that “the 3,850,000 bales just disposed of have not been equal to the supply of the world’s present wants.”⁴³ As far as future prospects were concerned, Hall & Mellor were convinced that “the present large Consumption will not only be maintained but go on increasing, and we may therefore need a larger supply to meet the demand.”⁴⁴ Francis Hollins declared that “the prospects for the year 1860 are of the most cheering character.”⁴⁵ Of the 19 surviving circulars that offered a commentary on the market, only one – apart from a caveat from Ollerenshaw on India – sounded a cautionary note. Samuel Kearsley asked: “can the Export trade be expected to grow? Probably not at recent prices and the inference is, that the prosperity of the past two years will not be unchecked by glut of markets.”⁴⁶

It might be thought that concern about stock levels would take time to trickle back to Lancashire from distant countries, that December 1859 was too soon to expect an appreciation of the problem, and that the reports for 1860 would rectify this. They did not. In December 1860, two years into this ‘gigantic’ amount of over-trading, Liverpool seemed unaware of its existence. Apart from T. & H. Littledale’s remark that “our foreign trade has been far from satisfactory”,⁴⁷ only three of the other 21 commenting brokers made reference to a possible problem, and those three all qualified their concerns in a way that negated them. The rest continued euphorically. Robson & Eskrigge declared that “the striking fact illustrated by this review is the ease with which the consuming power of the world has appropriated the immense supplies of the year, without leaving at its close excessive stocks in the

⁴¹ Maurice Williams, annual CC for 1859, LRO, 380 COT/1/11/62

⁴² J. C. Ollerenshaw, CC of 29 September 1859, LRO, 380 COT/1/11/62

⁴³ Isaac Cooke & Sons, annual CC for 1859, LRO, 380 COT/1/11/62

⁴⁴ Hall & Mellor, annual CC for 1859, LRO, 380 COT/1/11/62

⁴⁵ Francis Hollins, annual CC for 1859, LRO, 380 COT/1/11/62

⁴⁶ Samuel Kearsley & Co., annual CC for 1859, LRO, 380 COT/1/11/62

⁴⁷ T. & H. Littledale & Co., annual CC for 1860, LRO, 380 COT/1/11/64. Littledale also dealt in commodities other than cotton, so this remark – untrue with reference to cotton – may have been intended to have a broader meaning.

hands of merchants.”⁴⁸ John Wrigley & Sons were confident that “the hopes for the future are bright enough for even the most sanguine.”⁴⁹ Thornely & Pownall dismissed the notion that there were already problems with the Indian and Chinese markets: “our remarks cannot be closed, without noticing the expectation of enlarged commerce with China, the magnitude of our transactions with India, and the unparalleled prosperity of the manufacturing districts.”⁵⁰ Hollinshead & Tetley rejected any concern that the increased production must be causing problems: “owing to the vast number of new mills brought into operation the increase [in consumption] is unprecedented; and this too without creating any surplus stocks of the manufactured article, either at home or abroad.”⁵¹ Hodgson & Ryley agreed: “there has been a large addition to the productive power of our Machinery during the year ... the consumption of Cotton in 1861, will be considerably increased.”⁵² Isaac Cooke anticipated that “notwithstanding that the Trade have consumed 50630 bales per week this year, it is almost certain that ... a still greater quantity will be needful to supply the consuming power of 1861.”⁵³ Cunningham & Hinshaw agreed that the problem was with supply and not demand: “we shall certainly not receive [in 1861] that supply which will be requisite to meet our rapidly increasing Consumptive and Export demands.”⁵⁴

Two of the three brokers who referred to problems with India did so briefly. Stead Brothers reported that “from India the accounts continue to show the markets there to be over-weighted by the excessive supplies previously sent out... On the other hand, the demand for Cotton fabrics continues on a scale equal to the increased production.”⁵⁵ And Maurice Williams stated that “notwithstanding a very important falling off in the exports of Cloth and Yarn to India, the total exports to Foreign Ports show a very great increase... Were the prospects good as to the supply of the raw material, I should again be led to anticipate a still further

⁴⁸ Robson & Eskrigge, annual CC for 1860, LRO, 380 COT/1/11/64

⁴⁹ John Wrigley & Sons, annual CC for 1860, LRO, 380 COT/1/11/64

⁵⁰ Thornely & Pownall, annual CC for 1860, LRO, 380 COT/1/11/64

⁵¹ Hollinshead, Tetley & Co., annual CC for 1860, LRO, 380 COT/1/11/64

⁵² Hodgson & Ryley, annual CC for 1860, LRO, 380 COT/1/11/64

⁵³ Isaac Cooke & Sons, annual CC for 1860, LRO, 380 COT/1/11/64

⁵⁴ Cunningham & Hinshaw, annual CC for 1860, LRO, 380 COT/1/11/64

⁵⁵ Stead Brothers, annual CC for 1860, LRO, 380 COT/1/11/64

enjoyment of a good and profitable trade.”⁵⁶ Samuel Smith acknowledged that demand in India had fallen off, but reported that the elasticity of trade elsewhere made amends for it. He concluded that “the production of yarn is still no more than is absolutely necessary for consumptive purposes.”⁵⁷

At the end of 1860, therefore, two-thirds of the way through a 3-year period of allegedly vast over-production, the consensus amongst the brokers was that there was no great problem with exports or with glutted markets, that stock levels were reasonable, that any problems with India were balanced by opportunities elsewhere, that production was struggling to keep pace with demand and that the problem, if there was one, was with the supply. Yet, a year later, some of those same brokers had not only changed their minds, but had convinced themselves they had been wrong for the previous two years. Isaac Cooke, last heard at the end of 1860 calling for ‘a still greater quantity’ to be manufactured, had now decided that:⁵⁸

The extraordinary amount of goods and yarn exported during the previous two years, had, at the commencement of 1861, completely overstocked all ... Markets... The deficiency of the incoming Crop of American Cotton, and the threatened entire cessation of supply from the United States, which has influenced the markets more or less during the whole year, have gradually elevated prices to a level unprecedented in modern times. The Manufacturer has thus been placed between a bad market for his goods and a ruinous price for his raw material; his only resource has been a curtailment of consumption.

Five further brokers, out of 16 commenting on the market, made similar remarks.⁵⁹ Other brokers were still reporting contrary views, even at the end of 1861. Marriott & Co. referred to a “very prosperous state of trade with India and the East”, and Maurice Williams to “favorable accounts which have been received from India for several weeks past”.⁶⁰

At the close of 1861, the cotton trade was engulfed in such a maelstrom that a calm appreciation of its component parts must have been impossible. “We make no apology,” said brokers Wm. Clare & Son, “for abstaining from comments upon

⁵⁶ Maurice Williams, annual CC for 1860, LRO, 380 COT/1/11/64

⁵⁷ Samuel Smith, annual CC for 1860, LRO, 380 COT/1/11/64

⁵⁸ Isaac Cooke & Sons, annual CC for 1861, LRO, 380 COT/1/11/66

⁵⁹ This, of course, means that 10 brokers made no such comments.

⁶⁰ Marriott & Co. and Maurice Williams, annual CCs for 1861, LRO, 380 COT/1/11/66

the transactions of the past year or presuming to predict what may be the course of the Market during that which is at hand.”⁶¹ In November and December, when the annual reports were written, the country was in the grip of the *Trent* affair, when it looked as if Britain might declare war on the Union. The cotton trade had little idea where it stood throughout the year. No wonder, at its close, that the broker Edgar Musgrove should write despairingly that “the future, in regard to Cotton, is shrouded in almost impenetrable mystery.”⁶² The fact that, by the end of 1861, Liverpool had come to the announced view that Manchester had over-produced, and had then over-stocked its markets, cannot be taken as proof that it had. Some problems may become apparent only in retrospect, but it is hard to believe that this was one of them, not least because there was unarguably a major new factor that entered the equation in 1861. The positive comments, and the lack of negative ones, in the brokers’ reports for 1859 and 1860 should not be disregarded, even if one makes generous allowance for the time it might have taken for news to have percolated back from overseas markets. While cotton men were frequently wrong in their future prognostications, the Liverpool brokers were not ill-informed about the current state of their market. They were in daily contact with the spinners, selling to them and buying on their behalf. As Chapter 8 will show, they were an integral part of Liverpool’s mercantile community, in regular contact with merchants from around the world who traded their wares through the port. If export markets had been overstocked to the degree that was later asserted, it would have been noticed well before the end of 1860.

The issue of pre-war over-production has now been examined from four perspectives: the statistics of Britain’s cotton production and its export trade in cotton goods from 1853 to 1861; the statistics of cotton stocks from 1856 to 1861; the statistics of cotton consumption, stock levels and prices from 1858 to 1861; and the anecdotal evidence of the Liverpool brokers in their annual reports for the relevant years. Until the end of 1861, not one of these sources supports the over-production argument. Not one of them supports the notion that export markets were generally glutted. All four perspectives tend to the same conclusion: that,

⁶¹ Wm. Clare & Sons, annual CC for 1861, LRO, 380 COT/1/11/66

⁶² Edgar Musgrove, annual CC for 1861, LRO, 380 COT/1/11/66

prior to the civil war, the British cotton trade was enjoying a strong and consistent growth in the global demand for its goods, that it was manufacturing at a level broadly consistent with that demand, and that the most pressing problem was a growing insufficiency of supply.

In addition, there is the evidence of new investment. For more than four years, the cotton trade was in turmoil. Well-financed mills could make for stock and wait for the price of yarn or goods to catch up with the price of the raw material, but smaller mills had to close.⁶³ Some spinners and weavers went out of business; many struggled to stay afloat.⁶⁴ Until the war ended, and until its consequences became apparent, no one could say for certain what the future held with regard to the cotton supply and its price. On top of this, if the over-productionists are to be believed, the earlier level of demand had been an illusion, and Lancashire's pre-war capacity had been substantially in excess of the market requirement. Yet, although much of its existing machinery for processing cotton lay underused or idle for most of the war, and although its commercial outlook was at best precarious, the industry continued to invest in new mills and equipment.⁶⁵ "There is at least ten to fifteen per cent more spinning machinery in existence than before the war," wrote Williams in 1868.⁶⁶ He added that "owing to the number of new mills built during the American war ... there is a great scarcity of skilled work people."⁶⁷ The total number of mills nevertheless declined, but "the decrease ... was due to many mills with old-fashioned machinery, and in out-of-the-way places, being closed, while the increase in the number of spindles is accounted for by the modern mills, completed during the American war, being of a large size."⁶⁸ Cotton manufacturers and investors clearly believed they were still in a growth market, temporarily undergoing a reversal, and they were surely right.

⁶³ Owsley, *King Cotton*, pp. 139-140

⁶⁴ Britain lost 338 cotton businesses between 1861 and 1868, or about 17 per cent of firms. Roughly half these businesses were neither spinners nor weavers, but were smaller companies in the ancillary trades (Helm, 'Cotton Trade', p. 432).

⁶⁵ Redford, *Manchester*, p. 265

⁶⁶ Williams, *Seven Years*, 1868, p. 11. The reports of H. M. Inspectors of Factories showed a 13 per cent increase in factory spindles between 1861 and 1867 (Mitchell & Deane, *ABHS*, p. 185).

⁶⁷ Williams, *Seven Years*, 1868, p. 15

⁶⁸ Forwood, 'Influence of Price', p. 375. See also Helm, 'Cotton Trade', p. 434; Farnie, *English Cotton*, p. 73

The mistake is to believe that the initial move to short-time working must have been caused either by a cotton scarcity or by excessive stocks, and that – since there was no scarcity in 1861 – it must have been the latter. It was neither. The cause was the uncertainty occasioned by the outbreak of war, leading to a paralysis of demand. The reason that short-time working developed into the famine is that there was, by 1862, a scarcity of raw cotton, and its inflated price suppressed worldwide demand throughout the war. In both cases, the war was the direct cause of the distress. In December 1862, the reasons for the famine were addressed by Richard Cobden in a speech at Midhurst. He believed that there had been some over-supply of cotton goods to India and China. However, “he did not believe it would have had the effect of throwing the working classes of Lancashire out of employment. The present distress came from the sudden stoppage of the supply of that which alone made all the fixed capital of Lancashire of any value... It had arisen in consequence of the civil war in America.”⁶⁹

The fundamental failing of Arnold, Henderson, Brady and Farnie is not to have taken into account the role of stocks within the market, and thus to have misinterpreted the stagnation in demand in the early months of the war. A reasonable level of stocks, in every country and in every branch of the trade, was essential. By the end of 1861, raw cotton prices had more than doubled from their level of mid-1860 and were higher than at any time since the mid-1830s.⁷⁰ No one in the trade, anywhere in the world, could predict the future course of prices, whether of the raw material, or of yarn or cloth, even one month hence. In those circumstances, the safest course was to sell from stock. That was true at all levels of the trade, in all parts of the world. There was no reason to buy new stock at higher prices, when the war might be over in a few weeks, the rise in price would be reversed, and the trader would be left holding over-valued stock. As one broker explained, “goods made from high priced Cotton will not be exported with much freedom to distant markets, as for instance to India and China, when advices may be sent that these will be shortly followed by shipments the produce of low priced cotton.”⁷¹ Similarly, there was no reason for a manufacturer to produce more than

⁶⁹ *Liverpool Mercury*, 17 December 1862

⁷⁰ Mitchell & Deane, *ABHS*, p. 491

⁷¹ Cunningham & Hinshaw, annual CC for 1861, LRO, 380 COT/1/11/66; Adams, *Great Britain*, p. 227

the bare minimum of new stock, when the cost of his raw material was so inflated, but perhaps only for a short while. Much better for both to sell what they already had, and had already paid for. The consequence of this perfectly rational approach was to paralyse the market. The normal intercourse of the cotton trade, the constant topping up of its supply line, ground very nearly to a halt. What Arnold and subsequent historians have described as a process of excessive stocks being sold off over time was in fact the process of an essential pipeline emptying itself because the financial risk of keeping it topped up had become too great. That process seems to have taken about 18 months.

The viewpoint put forward by *The Economist* was available to commentators at the time, and to all historians since. It has taken until now for its argument to be examined, and to be vindicated. Before the war started, there was nothing to suggest anything other than the normal ebb and flow of a healthy trade. In a sense, the exact course of the market without the war does not matter, as long as it is accepted that there was no problem of magnitude. The industry never operated on smooth lines. When supply was plentiful, it manufactured for stock, knowing that another supply crisis would soon arrive.⁷² It introduced short-time working at other periods, even when times were prosperous.⁷³ Maybe, without the war, 1861-62 would have been one of those periods. It is impossible to say. Everything the global cotton trade thought and said and did in 1861 took place with one eye on America. It cannot be assumed that short-time working would have been introduced at the same time, or to the same degree, or at all, had the war not started. However, the chance of any scenario remotely resembling the cotton famine was surely zero.

Historians did not originate the over-production theory. It was Liverpool brokers, and others involved in the cotton trade, who first made the general claim. It was one Liverpool broker, Thomas Ellison, who appears first to have asserted the specific claim of 300 million lbs of over-production. It needs to be explained how well-informed cotton men could be so mistaken. They would probably say that they were not mistaken. They dealt in the immediate present. The immediate present at the end of 1860 was a buoyant market, a flourishing trade, and continuing concern over the sufficiency of the raw material. The immediate present at the end of 1861

⁷² Farnie, 'Cotton, 1850-1896', p. 387

⁷³ Ellison, *Cotton Trade*, p. 53; Farnie, *English Cotton*, p. 44

was the cessation of raw cotton arrivals from America for the indefinite future, rising prices, and turmoil in the industry worldwide. A stock of finished goods that was not worthy of mention at the end of 1860 had become astronomical at the end of 1861. The stocks had not changed substantially; circumstances had changed. What was not over-production at the time had become over-production a year later. As far as it goes, this viewpoint cannot be denied. But, unless one believes that manufacturers should have been able to foresee the civil war and its consequences when politicians and newspapers did not, it is irrelevant to the argument. The brokers provided a cudgel with which others could beat the manufacturers. As the famine took hold, the cudgel was wielded continuously from early 1862 onwards.

By the end of 1862, the fog was beginning to clear for some of the more perceptive brokers. James Howell reported that “the reserves of the world are now probably at length exhausted.”⁷⁴ Newall & Clayton declared that “at low prices we might never have heard of the overproduction of which so much is now said... So long as the war continues, nothing but high prices can keep consumption in check, as there is every reason to believe that the goods made from cheap Cotton are now well nigh exhausted in all quarters of the world, and a new range of prices must rule for some time to come.”⁷⁵ Robson & Eskrigge reported:⁷⁶

The consuming power of the world was proved in 1859-60 to be not less than 4,750,000 bales, chiefly American, about equivalent to 6,000,000 chiefly East India. Against this we can only see a prospect of little over 2,000,000, or about one-third of the requirements; and as little more than the same proportion has been afforded during the past year, we see the enormous vacuum of Cotton goods that must have resulted from the famine. The exhaustion of stocks must sooner or later induce a demand, which our resources will be quite inadequate to supply, and which only a very high range of prices, both for the raw material and the manufactured article, can reduce within practicable limits.

This is exactly what happened. The trade slowly recovered from its paralysis and the global market began to flow again, albeit more sluggishly than before and at greatly inflated prices. But it was a different market. “The truth appears to be,” said Smith at the end of 1865, “that the real strain of the consumptive demand was not

⁷⁴ James Howell, annual CC for 1862, LRO, 380 COT/1/11/67

⁷⁵ Newall & Clayton, annual CC for 1862, LRO, 380 COT/1/11/67

⁷⁶ Robson & Eskrigge, annual CC for 1862, LRO, 380 COT/1/11/67

felt in Manchester and the other manufacturing centres till the close of the war dismissed imaginary fears and let loose the long pent up demand.”⁷⁷

Chapter 4 quantified the raw cotton available to Britain during the civil war. The one factor left unquantified was what the market growth might have been without the war. Although any quantification of that growth will be speculative, Figure 1.1 surely leaves no doubt that substantial growth was indeed lost. Now that the myth of over-production has been refuted, it is time to return to the issue. British production of cotton goods grew by a compound 6.3 per cent p.a. over the years from 1851 to 1860. In the years from 1871 to 1880, and still suffering to some extent from the effects of the war, it grew at a compound rate of 2.4 per cent.⁷⁸ Given that any estimate of the lost growth during the war will be guesswork, it seems reasonable to take an average of these two figures, a compound growth rate of 4.3 per cent, to give an example of the probable effect of the war on British cotton. Table 5.4 provides this information. As late as 1867, the country was receiving only 60 per cent of the supply it could have used at peacetime prices. In

Table 5.4

ESTIMATED CONSUMPTION DEFICIT OF BRITISH COTTON, 1861-67 (‘000 lbs)						
	Demand for yarn @ + 4.3% p.a.	Yarn produced	% of demand produced	Annual deficiency	Cumulative yarn deficiency	Cum. cotton deficiency (waste 10.5%)
1860	1,013,100	1,013,100	100%	0	0	0
1861	1,056,700	856,500	81%	200,200	200,200	223,700
1862	1,102,100	357,600	32%	744,500	944,700	1,055,500
1863	1,149,500	404,200	35%	745,300	1,690,000	1,888,300
1864	1,198,900	489,300	41%	709,600	2,399,600	2,681,100
1865	1,250,500	624,400	50%	626,100	3,025,700	3,380,700
1866	1,304,300	783,100	60%	521,200	3,546,900	3,963,000
1867	1,360,400	821,100	60%	539,300	4,086,200	4,565,600

Sources: GH, TE, author

⁷⁷ Smith, Edwards & Co., annual CC for 1865, LRO, 380 COT/1/11/70

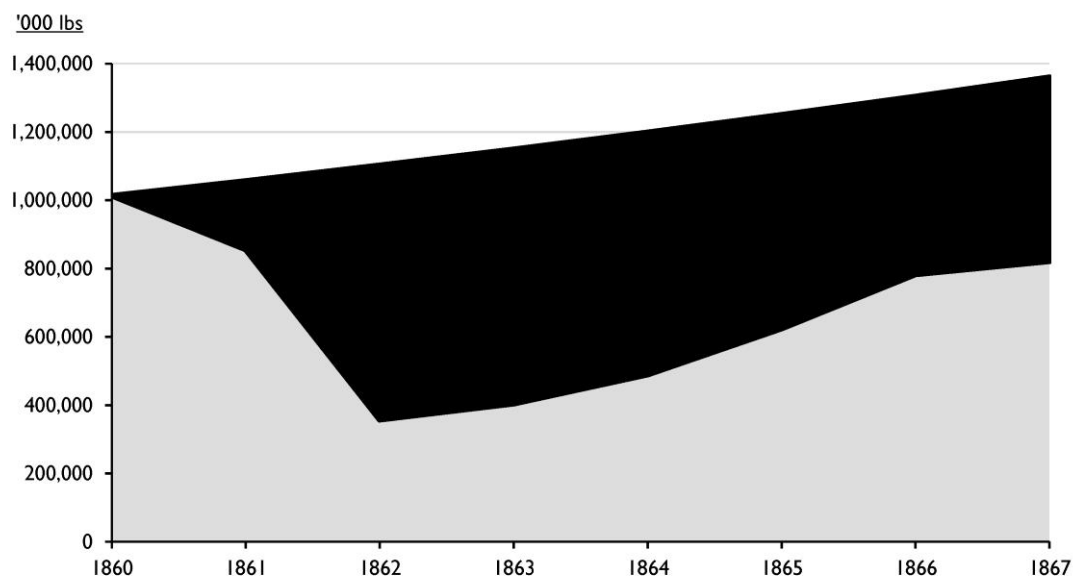
⁷⁸ Mitchell & Deane, *ABHS*, p. 179

total, more than 4.5 billion lbs of raw cotton was probably denied to British manufacturers in the seven years to the end of 1867. By the time re-exports are added to the equation, the figure is closer to an import deficiency of about 6 billion lbs, or a supply of about four years.

The civil war was not a temporary hiccup for the British cotton trade. It had catastrophic long-term effects. Its scale can be visualised in one brutal graph (Figure 5.3). The size of the void created by the absence of a large American supply was no less at the end of the war than it had been in August 1861, and it persisted for many years after the war. The notion that, after the initial shock, the trade replaced most

Figure 5.3

THE UNFILLED DEMAND FOR YARN, 1861-67



Sources: GH, TE, author

of what had been lost from America, is false. The unfathomed pit of cotton had diminished by 1867, but it had far from disappeared, and the modest revival was due to American supplies coming back to Britain in quantity. American cotton was never replaced. In Farnie's opinion, "the new monarch of the world of textiles, 'King Cotton', was ... dethroned during the Cotton Famine of the 1860s and regained its

prewar eminence only during the early 1890s.”⁷⁹ How this statement squares with what Farnie had previously written about the famine is far from clear.

The idea that the cotton famine was caused by a pre-war over-production of goods is a myth. It is now time to consider another aspect of the civil war mythology: that Liverpool was a rabidly Confederate town.

⁷⁹ Farnie, ‘Structure’, p. 45

6

LIVERPOOL, LOUISIANA?

The town's contradictory response to the civil war

"More than any British city, Liverpool stood by and sided with the pro-slavery Confederate states during the Civil War."¹ "The world's largest cotton port was the most pro-Confederate place in the world outside the Confederacy itself."² "No other city in Britain could with so much cause be accused of unofficially fighting on the side of the South during the Civil War."³ "Liverpool became a bastion of pro-Confederate sympathy and business during the war."⁴ "Liverpool had become a stronghold of Confederate sympathisers ... swarming with Confederate agents."⁵ It was "a pro-Confederate hotspot."⁶

Like the myth of pre-war over-production, Liverpool's Confederate credentials have been presented as a self-evident fact, requiring no substantiation. As with that other 'fact', it has not been investigated, but repeated as an unsupported assertion by one historian after another. Unlike the over-production 'fact', which is a fable, this 'fact' contains more than a grain of truth. However, the reality was a great deal more complex than those headline quotes suggest. It is undeniable that Liverpool was a hotspot during the war, but the heat was experienced in different and conflicting ways. The minutes of the CSA leave no doubt as to the abolitionist sympathies of at least the more radical wing of the manufacturing trade.⁷ The assumption has been that the traders of raw cotton in Liverpool had quite different sympathies and operated in a different climate of

¹ Olusoga, *Black and British*, p. 356. Despite the use of the word 'city' in this and several other quotations, Liverpool was a town at this time, not a city.

² Beckert, *Empire*, p. 260

³ M. Ellison, *Support*, p. 167

⁴ Sexton, *Debtor*, p. 181

⁵ D. Milton, *Lincoln's Spymaster: Thomas Haines Dudley and the Liverpool Network* (Mechanicsburg, PA: Stackpole Books, 2003), p. 19

⁶ Jones, *Blue and Gray*, p. 192

⁷ CSA, Annual Reports, JRL, OTEA

political opinion during the civil war. Chapter 7 will show how far the business interests of Liverpool diverged from those of Manchester. The question now is whether respective political interests diverged equally.

As discussed in Chapter 3, recent scholarship has undermined the notion that opinion in Britain during the civil war – whether of the Government, the press, or sectional interests such as cotton operatives, the working class in general, or the aristocracy in general – can be reduced to a one-line summary. Many factors, often conflicting, fed into the perceptions of individuals and groups, making their attitudes both to the war and to their own self-interest in it, which were not necessarily the same thing, complicated and sometimes contradictory. The same is true of Liverpool, where generalisations must equally be avoided. What was done there to assist the South was more obvious, and more newsworthy, than what was done to assist the North.⁸ The building of warships for the Confederacy became a national scandal. The activity of blockade-running had all the allure of a *Boy's Own* adventure, and has prompted a vast literature ever since. Liverpool's historic association with the slave trade may also have played its part in public perception of a sympathy with the South, both in the 1860s and since. Amongst some sections of the town, there was vigorous support for the Confederacy, expressed noisily and often reported nationally. Because of its location, Liverpool was the centre for Confederate operations in Britain. This has all helped to create the illusion of a town that was monolithically pro-South. However, a less noisy support for the North co-existed with these other sympathies and, most of all, a strong support for British neutrality and non-intervention. Liverpool should not be presented as an overwhelmingly Southern town, but rather as one that had considerable vested interests in the conflict and was determined to protect those interests.

More than any other place in Britain, Liverpool was the first point of contact between the country and the Southern States of America. That was true before the war, during it, and after it. There were many merchants and others in Liverpool who had close relationships with what became the Confederacy and who supported it vociferously. However, Liverpool was equally the first point of contact between

⁸ Beckert listed all the things that Liverpool did for the Confederacy, with footnotes running to 41 references. There is no mention of anything done for the Union (Beckert, *Empire*, p. 260).

the country and the Northern States of America, and that was also true before the war, during it, and after it. The same could be said of many other parts of the world. Liverpool was Britain's largest port. The town was multi-cultural before the word was invented. A local historian reported that "Scotchmen jostled Germans, and Irishmen Frenchmen. Italians and Dutchmen, Yankees and Parsees, Spaniards and Canadians, Greeks and Swiss abounded."⁹ Liverpool was the final footing for emigrants to America, most of them bound for the Northern States, where many Liverpudlians had relatives.¹⁰ It was also the conduit, before the transatlantic cable, through which all American news entered the country, and all domestic news for America left it. The information that Britain received about the civil war was received first in Liverpool, unless the ship had already docked in Ireland. Ellison tells the story of how news was brought ashore, runners for the London papers scrambling to be first to the town's only cable office.¹¹

No detailed study has been made of the entirety of Liverpool's role in the American Civil War. There is a substantial literature on both blockade-running and the Confederate warships, some of which will be referenced later where relevant, but of which the detail is unimportant to the intentions of this chapter.¹² As with so much in this thesis, a lot depends on anecdotal primary sources, and again on the coverage by the *Liverpool Mercury*. Vital information should have been available from the Foreign Office files in the National Archives. However, both pieces of relevant correspondence are absent from the archive. Some secondary sources throw valuable light on unseen corners, and in particular Graeme Milne's commercial history of Liverpool, Jay Sexton's detail on Union arms purchases in Britain and the unpublished Ph.D. theses of Neil Ashcroft and Francis Hughes.¹³ All

⁹ B. Orchard, *Twenty Literary Portraits of Business Men* (Liverpool: Matthews Brothers, 1884), p. 5

¹⁰ Augar, 'Cotton Famine', p. 323

¹¹ Ellison, *Gleanings*, pp. 315-319

¹² Both topics are dealt with comprehensively in R. Thorp, *Mersey Built: The Role of Merseyside in the American Civil War* (Wilmington, DE: Vernon Press, 2017). The most thorough account of blockade-running from an American perspective is in S. Wise, *Lifeline of the Confederacy: Blockade Running During the Civil War* (Columbia, SC: University of South Carolina Press, 1988).

¹³ Milne, *Trade and Traders*; Sexton, *Debtor*; N. Ashcroft, 'Unnatural and Unexpected Vicissitudes: British Maritime Enterprise and the American Civil War, 1856 to 1870' (unpublished Ph.D. thesis, University of Hull, 1999); F. Hughes, 'Liverpool and the Confederate States: Fraser, Trenholm and Company Operations during the American Civil War' (unpublished Ph.D. thesis, University of Keele, 1996)

this information has been woven together to create a picture that is more subtle than the usual stark caricature.

The conclusion reached in Chapter 3 was that the sympathy of most Britons, and most Lancastrians, lay with the North, especially after Lincoln's Emancipation Proclamation. There is no proof that Liverpool either conformed to this general pattern or departed from it. Several historians have trawled the Lancashire press for evidence of political activity during the war. In Liverpool, they have found next to nothing. There was a meeting in January 1863 at the Clarendon Hotel, which endorsed Lincoln's Emancipation Proclamation.¹⁴ There was an anti-slavery meeting at the Royal Court Theatre in February 1863, which was disrupted by a strong Southern contingent.¹⁵ The abolitionist Henry Ward Beecher spoke at the Philharmonic Hall in October 1863, "greeted with enthusiastic cheers ... not ... unmingled by ... hisses".¹⁶ No evidence of a public pro-Confederate meeting has been found. No evidence of any political meeting that could be characterised as working class has been found. This suggests that public agitation over the war did not run high in Liverpool. Nor is that surprising, given Liverpool's continued prosperity. It had no cotton mills, so there were negligible effects from the famine.¹⁷ The only people in the working population of Liverpool that appear to have suffered significantly from the war were the cotton porters at the docks.¹⁸

When the ship *George Griswold* arrived in Liverpool from New York with food supplies for starving cotton workers, all the men employed at the docks, from customs officials to porters and stevedores, refused payment for their services. The ceremony at St George's Hall, sponsored by the Chamber of Commerce, was filled with both "the merchants and other inhabitants of this town".¹⁹ This suggests at least some fellow feeling for their compatriots in the rest of Lancashire. But neither this, nor anything else, suggests that strong political opinions on the war, let alone agitation for a particular outcome, held any significant attraction for the working

¹⁴ Sebrell, 'Civil War', p. 11

¹⁵ *Ibid.*, p. 11

¹⁶ *Liverpool Mercury*, 17 October 1863

¹⁷ Ellison, *Gleanings*, pp. 180-183

¹⁸ *Liverpool Mercury*, 8 February & 2 August 1862

¹⁹ *Ibid.*, 17 February 1863; Milton, *Lincoln's Spymaster*, p. 75

men and women of Liverpool. In Anthony Howe's opinion, although not with specific reference to the civil war, "by the 1860s, Lancashire had become marked by political apathy."²⁰ It would appear that this also applied to Liverpool. In the absence of any evidence to the contrary, the probability must be that public opinion in the town mirrored that in the country, and therefore that most Liverpudlians either supported the Union or had little affection for either side.

The Liverpool press, like the national press, represented a range of opinion. The *Mercury* – which had a higher circulation than the rest of the town's newspapers put together²¹ – was strongly Liberal in domestic politics. It invariably supported the Palmerston Government and excoriated the Conservative Opposition. At first glance, it was equally strong in support of the Confederacy, and its readers could have been forgiven for thinking that the paper did support the South. However, it is more accurate to say that the *Mercury* was vitriolically anti-Union. It published ceaseless tirades against Lincoln's Government and systematically misreported the Union's motives and its military progress. But, while this translated into a vicarious sympathy for the Confederacy, it never became a positive endorsement. The *Mercury's* coverage of the war mirrored that of *The Times*.²² It once described *The Times's* views on the war as 'rabid', but it was equally rabid itself.²³ From time to time, and perhaps to correct the general impression it was giving, the *Mercury* printed diatribes – the paper was fond of diatribes – against the evils of slavery, and it was this issue, as for so many other newspapers and individuals, that prevented it from championing the South. However, its conviction that the North could not conceivably be victorious led it to demand constantly that the Union should end a pointless war and recognise the Confederacy's *de facto* existence, trusting that time and necessity would soon force the South to abolish slavery of its own accord. "Disunion is an accomplished and irreversible fact," it said in August 1862. Two months later, the war had become a "useless struggle, in which [the North has] not the remotest chance of success". By April 1863, "the independence of the South is now merely a question of time" and,

²⁰ Howe, *Cotton Masters*, p. 247

²¹ *Liverpool Mercury*, 10 September 1863

²² Putnam, 'London Times', pp. 131-144

²³ *Liverpool Mercury*, 20 January 1863

at the end of that year, “the conquest of the South still appears to us to be impossible.” In June 1864, “[Grant] has very little chance of taking Richmond and none whatever of conquering the Southern Confederacy.” Even as late as September 1864, the paper thought that “the war can only end in one way, namely, in the establishment of the independence of the Confederate States.”²⁴

As shown in Chapter 3, this opinion was almost universal in Britain. Francis Hamilton, a partner of Brown, Shipley & Co. in Liverpool and a strong Northern sympathiser, wrote to its associated company in New York in August 1861 that “the writer believes as strongly as he believes anything that the conquering of a country like the Southern States ... is an utter impossibility.”²⁵ For the *Mercury*, just as anti-Union vitriol did not translate into support for the South, a belief that the war should end forthwith did not translate into support for British intervention. The paper declared that Britain should “give the most favourable construction possible to any doctrine of international law which will permit us to stand aloof from the American struggle”.²⁶ In the wake of Gladstone’s Newcastle speech in October 1862, the paper uncharacteristically supported recognition of the Confederacy.²⁷ At all other times, it was resolutely opposed to recognition, or to intervention in any form, and was acutely aware of the likely consequences for relations with the North, on which the livelihoods of so many of its readers depended.

The *Mercury*’s coverage of the cotton famine was negligible, and always carried an air of distance. Its short pieces were headed ‘Distress in Lancashire’, despite the fact that Liverpool was in Lancashire. In contrast, the headlines in the *Manchester Examiner and Times* referred to ‘Distress in the manufacturing districts’.²⁸ This hints at a truth suggested by much other reading about Liverpool at this time: in its own estimation, the town was something close to an independent state, more concerned with the wider world than with what lay on its own

²⁴ *Liverpool Mercury*, 7 August 1862; 6 October 1862; 28 April 1863; 31 December 1863; 21 June 1864; 5 September 1864

²⁵ Brown, *A Hundred Years*, pp. 104–106. This opinion was shared by most Union sympathisers, including William Neill (Neill Bros circular of 1 October 1862 [*Liverpool Mercury*, 4 October]).

²⁶ *Liverpool Mercury*, 11 February 1862

²⁷ *Ibid.*, 9 October 1862

²⁸ *Manchester Examiner & Times*, 20 July 1864

doorstep. This may help to explain Liverpool's apparent sense of detachment from the county, and from the country, of which it was a part. It shared many of the attitudes held elsewhere, but does not appear to have participated widely in their expression.

Liverpool's politicians did not support intervention either. At that time, Liverpool returned one Conservative and one Liberal Member of Parliament. Marginally, however, it was a Conservative town at this time, discounting the limitations of the franchise. No Liberal topped a parliamentary poll in Liverpool between an atypical 1855 by-election and 1882, when Samuel Smith was elected. The Conservatives also kept control of the town council during this period.²⁹ As one might expect of a port immersed in commerce, it elected representatives of both parties who would look after merchant interests and who were not known for their political dogmatism. Throughout the war, the two MPs who represented Liverpool were Thomas Berry Horsfall (Conservative) and Joseph Ewart (Liberal). Both men came from families steeped in the mercantile history of the town. Horsfall, like his father, had served as Mayor of Liverpool. According to one obituary of him, "like his father, he stood in the front rank amongst the merchant princes of Liverpool."³⁰ He had been elected President of the Liverpool Chamber of Commerce on its foundation in 1849.³¹ Ewart was related to the Gladstone family and was an "American, East India and general merchant" in Liverpool; his father had been a cotton broker and founding partner of the firm of Ewart, Myers & Co.³²

Both men had family links to Liverpool's slave trade, Ewart more closely than Horsfall,³³ although it is Horsfall who is listed in the records of compensation paid when slavery was abolished.³⁴ Neither was prominent during the civil war, although both were said to be simultaneously pro-emancipation and pro-South, a feat of

²⁹ N. Collins, *Politics and Elections in Nineteenth-Century Liverpool* (Aldershot: Scolar Press, 1994), p. 83

³⁰ *Derby Mercury*, 1 January 1879, cited in *Legacies of British Slave-ownership*, 'Thomas Berry Horsfall' <<https://www.ucl.ac.uk/lbs/person/view/946224849>> [accessed 7 October 2016]

³¹ *The Times*, 24 December 1878

³² William D. Rubinstein, *Who were the rich? 1860-*, cited in *Legacies of British Slave-ownership*, 'Joseph Christopher Ewart' <<https://www.ucl.ac.uk/lbs/person/view/44892>> [accessed 7 October 2016]; *Liverpool Mercury*, 16 December 1868; Ellison, *Cotton Trade*, p. 190

³³ *Legacies*, URLs as above for Thomas Horsfall and Joseph Ewart [accessed 7 October 2016]

³⁴ K. McClelland, in C. Hall et al., *Legacies of British Slave-Ownership: Colonial Slavery and the Formation of Victorian Britain*, Appendix 4 (Cambridge University Press, 2014)

moral gymnastics that was by no means uncommon in Britain.³⁵ In February 1862, at a meeting of the Liverpool Chamber of Commerce, Ewart made a speech strongly in favour of British neutrality and of taking care not to give offence to the Union. He questioned whether the blockade was effective, and said that Britain might be justified in disregarding it, but doubted whether this would be “wise or politic”.³⁶ In May 1864, Horsfall presented a petition from Liverpool ship-owners asking for the Foreign Enlistment Act, the antiquated legislation of 1819 which the Government relied upon to enforce neutrality, to be amended so as to prevent warships for belligerent nations being built in Britain.³⁷ As will be seen, these standpoints reflected precisely the interests of Liverpool merchants. Apart from these instances, the *Mercury* reported no comment on the war by either MP.

There is nothing to be found in public, newspaper or political opinion in Liverpool that marks the town out as being substantially different from the rest of the country. However, it is not these opinions but the activities of its commercial sector that account for Liverpool’s reputation. Before addressing that subject in the round, it is necessary to dispose of the issue of blockade-running, which has over-dominated and distorted Liverpool’s role in the civil war. Mary Ellison’s lengthy chapter on the blockade implies, as do other sources, that the blockade-runners ran between Liverpool and the Southern ports.³⁸ This, however, was seldom the case, at least once the practicalities of the activity had become apparent early in the war. There were many Southern ports, but most of those on the Atlantic coast were unusable, which is why, once it had sealed the ports in the Gulf of Mexico, the Union was able to enforce the blockade with tolerable success. As Ephraim Adams pointed out, “a better knowledge of American geography would have made clear ... that if but seven Southern ports were effectively blockaded the remaining 2,550 miles of coast line would be useless for the export of cotton in any considerable amount.”³⁹ Even the usable Atlantic ports had shallow approaches that required ships with shallow drafts. The vessels also needed to be small, and thus with limited

³⁵ Sebrell, ‘Civil War’, p. 11

³⁶ *Liverpool Mercury*, 4 February 1862

³⁷ *Ibid.*, 17 May 1864

³⁸ M. Ellison, *Support*, pp. 155-172

³⁹ Adams, *Great Britain*, p. 176

cargo space, fast and nimble. In every way they were unsuited to ocean-going voyages. So, in practice, there were two parts to the trade in blockaded goods, only one of which involved running the blockade. This part featured voyages, through the blockade, between a depot port (usually Nassau in the Bahamas) and a Southern port (usually Charleston or Wilmington).⁴⁰ The other part featured voyages between Liverpool and the depot port. As William Forwood, himself involved in blockade-running, recalled, “the *modus operandi* was to send out a depot ship to Nassau or Bermuda and employ in connection with this swift steamers to run the blockade and bring back cargoes of cotton.”⁴¹

Sometimes the same companies were involved in both parts of the trade, but much of the real blockade-running was undertaken by American firms, especially by John Fraser & Co. of Charleston, the parent company of Fraser, Trenholm & Co. in Liverpool.⁴² The other part of the trade, between Liverpool and the depot port was, technically, not blockade-running, but normal commercial shipping. This distinction is what enabled 40 Liverpool ship-owners, in their memorial to Earl Russell complaining about Federal harassment of British vessels at Nassau, to declare truthfully, if misleadingly, that “such vessels are perfectly innocent of any attempt to run the blockade.”⁴³ *The Times* reproduced this letter, but did not publish the list of signatories, which would have given a good idea of which Liverpool ship-owners were engaged in trading blockaded goods. Despite a comprehensive volume of Foreign Office correspondence concerning complaints about interference with shipping in the Bahamas during the civil war, this memorial is missing.⁴⁴

A great deal less cotton was grown in the South during the war, partly on the instructions of the Confederate Government, partly because of conscription, and partly because land had been turned over to growing food. Twice as much Southern cotton went to the Union during the war as to Britain. Of the cotton actually grown then, roughly half went North, a quarter went to Britain and a quarter was retained

⁴⁰ Ashcroft, ‘British Maritime’, pp. 19, 77

⁴¹ Forwood, *Recollections*, pp. 53-54

⁴² Hughes, ‘Liverpool’, p. 92

⁴³ *The Times*, 6 August 1862

⁴⁴ National Archives (NA), Interference with Trade between New York and the Bahamas, May 1862-July 1863, FO 881/1162

for sale after the war.⁴⁵ According to Mary Ellison, “on the British side of the Atlantic ... [blockade-runners] shipped 8,250 cargoes, worth \$2,000,000, and 1,250,000 bales of cotton were run out from the South to pay for them.”⁴⁶ Even if these figures were correct – which they are not: only about 400,000 bales came from America in 1862-64, and nearly half of these were run out across the Mexican border, not through the blockade⁴⁷ – blockade-running, romantic though it may have been, accounted for only a small part of Liverpool’s trade during the war. The port had 96 per cent of the incoming blockade trade and 60 per cent of the outgoing, but the cargoes involved were negligible.⁴⁸ It will be shown shortly that raw cotton imports from the Southern States accounted for about 12 per cent of Liverpool’s dock revenues before the war. The volume of cotton imported from America was reduced by about 94 per cent during the three main years of the war.⁴⁹ If the Mexican imports are ignored, the incoming element of the blockade trade, more than half the total, accounted for less than 0.5 per cent of the port’s revenues during the war.

This activity was far more significant to the Southern States than to Liverpool. Without the arms and supplies the trade provided, the South could not have sustained the war. However profitable it was to a handful of individuals in Britain, blockade-running was far more important to the Confederacy than it ever was to Liverpool. Virtually the entire trade of the port during the war was with countries other than the South, much of it with the North. Liverpool’s role in the blockade trade has therefore been exaggerated and glamorised. So has its role in building the ships. Although Merseyside shipyards did build some of the blockade-runners, most of those built in Britain were built on the Clyde (53 per cent) or in London (21 per cent).⁵⁰ It is altogether more relevant to study the 99 per cent of Liverpool’s trade during the civil war that had nothing to do with blockade-running.

At this time, Liverpool was hugely prosperous. In 1857, property and income tax returns laid before Parliament showed that the town paid more such taxes than

⁴⁵ S. Lebergott, ‘Through the Blockade: The Profitability and Extent of Cotton Smuggling, 1861-1865’, *The Journal of Economic History*, Vol. 41, No. 4 (December 1981), p. 884

⁴⁶ M. Ellison, *Support*, p. 172

⁴⁷ George Holt & Co., annual CC for 1866, LRO, 380 COT/1/11/71; Pender & Co., *Statistics*, pp. 8-9

⁴⁸ Ashcroft, ‘British Maritime’, p. 171

⁴⁹ Table 4.1 (page 94)

⁵⁰ Ashcroft, ‘British Maritime’, p. 169

anywhere in Britain except London.⁵¹ Liverpool was bigger than Manchester and its population increased more rapidly between 1821 and 1871 – “its golden age as a cotton market”, according to Farnie – when it was the largest mercantile community in Europe.⁵² In 1847, it had appointed the first British medical officer of health, and by 1860 it was already building working class dwellings from corporation funds.⁵³ Despite the assumption that Liverpool must have suffered greatly during the war from the curtailment of its Southern trade, this was not the case. Before the war, tonnage through the port had been rising, on average, at the rate of 3 per cent p.a. (Figure 6.1), and dock revenue at 8 per cent (Figure 6.2), although the progress of both was erratic. Comparing the three years 1862-64 with the three years 1858-60, total tonnage grew by 7 per cent and dock revenue by 5 per cent.⁵⁴ Considering the vast reduction in incoming cotton, this was a remarkable achievement. The town’s merchants were able, and very quickly, to replace their lost business.

The American share of Liverpool’s trade inevitably declined. In the years 1858-60, dock revenue from the American trade had accounted for 41 per cent of the port’s total; in the years 1862-64, it was 30 per cent. This fall was greater in the incoming trade than in the outgoing. Some of the shortfall was balanced by an increase of 27 per cent in revenues from the Indian trade. It is possible, from the information in Figure 6.2, to make a rough calculation of the relative pre-war revenues from the Northern and Southern parts of the American trade. Virtually all the trade in 1862-64 was with the North. The American revenues for those years were at 78 per cent of their total for the years 1858-60. The conclusion to be drawn is that, before the war, only about a quarter of Liverpool’s American trade was with the Southern States, while three-quarters was with the Northern States. That rough percentage appears to be confirmed by William Forwood’s statement that trade with the Confederate States had declined by 29 per cent, but that this loss had been more than compensated by increases elsewhere. In 1863, when one

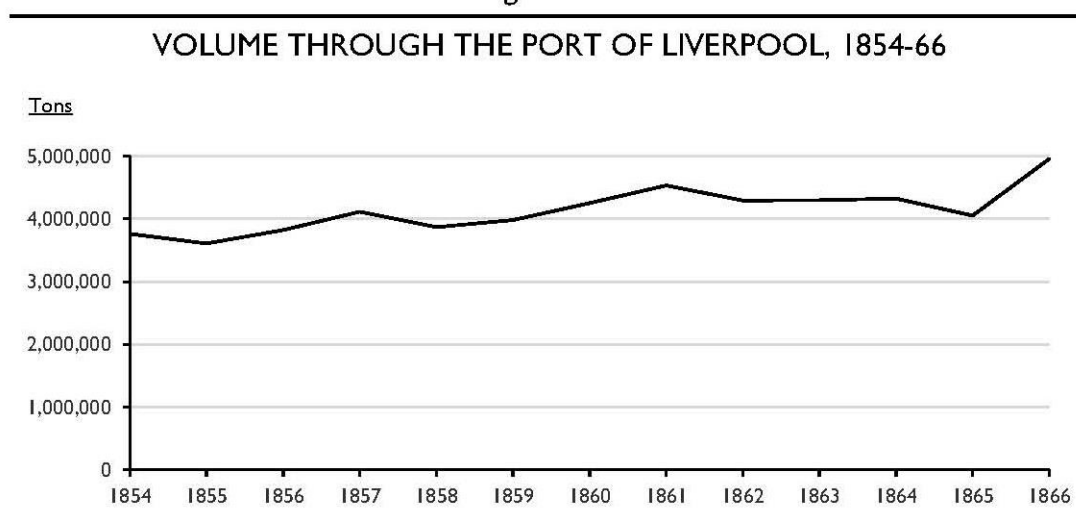
⁵¹ Collins, *Politics*, p. 68

⁵² Farnie, *English Cotton*, p. 60

⁵³ Deane, *Industrial Revolution*, p. 219

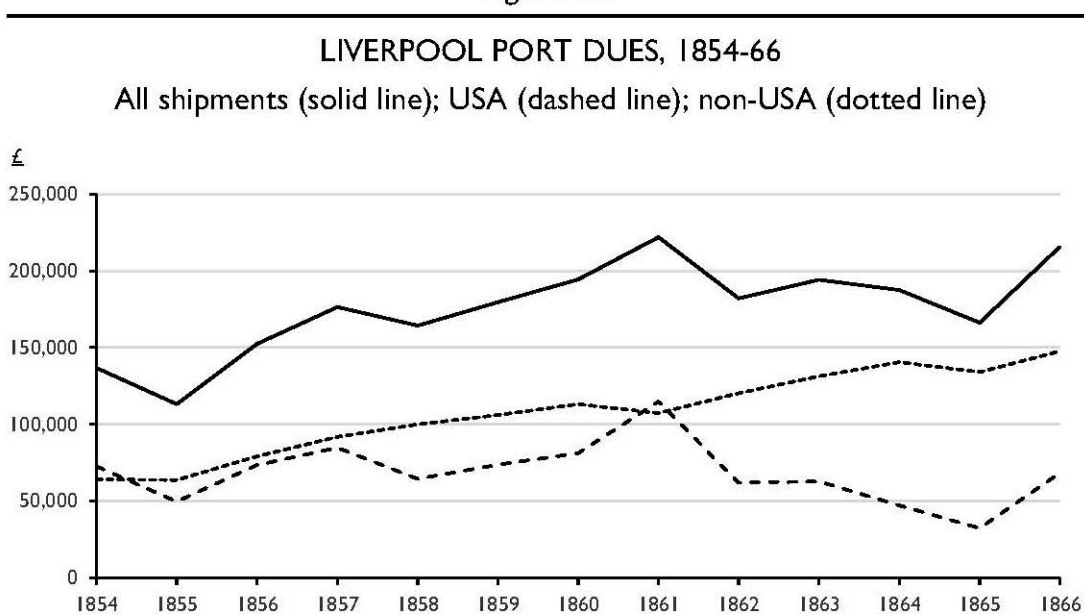
⁵⁴ Mersey Docks and Harbour Board collection, Merseyside Maritime Museum, Liverpool. The author is indebted to Dr Graeme Milne who provided these data from his own unpublished research. They provide the source for all the figures in this paragraph and the next.

Figure 6.1



Source: MDHB collection

Figure 6.2



Source: MDHB collection

might have expected the effects of the war on Liverpool to be at their worst, he was arguing for substantial dock extension.⁵⁵

The importance of the trade with the Union, accounting for 30 per cent of the port's revenues, is vital to understanding the attitudes of Liverpool's merchant

⁵⁵ *Liverpool Mercury*, 23 October 1863. This is ambiguous but, since trade with the Confederacy had more or less ceased, Forwood was probably referring to its share of Liverpool's American trade.

community during the war. Using the dock revenue figures, it can be estimated that the port of Liverpool lost approximately 12 per cent of its revenues when bulk American cotton imports ceased, although this loss would have been halved by the end of the war from the effect of increased cotton supplies from other countries. Even before the war, therefore, Liverpool earned far more from other parts of its trade with America than from its trade in raw cotton. Farnie has estimated that Liverpool docks had a more valuable trade in the export of cotton piece-goods than in the import of raw cotton.⁵⁶ Despite the vast quantities of Southern cotton piled up on its docks and in its warehouses, raw cotton was always less important to the port of Liverpool than it might appear.

Much of the trade with the Union during the war came from grain imports. Britain was not self-sufficient in wheat. When harvests were poor, as they were in the early years of the war, considerable imports were required to cover the deficiency. These had mostly come from European nations, but the usual sources diminished during the war. B. Schmidt's study showed that, from 1861 to 1863, America supplied nearly 41 per cent of Britain's wheat and flour imports.⁵⁷ They rose from under 22,000 tons in 1859 to over a million tons in 1862.⁵⁸ These two years were exceptional, but they dramatise both the scale and the volatility of the trade. All this wheat and flour came from the Northern States, and most of it came into Liverpool. The *Mercury* commented that a war with the North would cause huge problems for the supply of wheat and other foodstuffs.⁵⁹ Schmidt's conclusion that this factor was critical to the attitude of the British Government has been disputed by subsequent historians, who have emphasised that imported wheat would have been available from other sources, and also that there was little or no Cabinet discussion on the issue.⁶⁰ However, it must surely have been a factor at the back of the mind when British politicians were contemplating intervention. It should also be mentioned that, according to US Treasury reports, nearly half the American

⁵⁶ Farnie, *English Cotton*, p. 103

⁵⁷ B. Schmidt, 'The influence of wheat and cotton on Anglo-American relations during the Civil War' (Iowa City: State Historical Society, 1918), pp. 32-34

⁵⁸ PP, Statistical Abstract for the United Kingdom in each of the Last Fifteen Years, 1866

⁵⁹ *Liverpool Mercury*, 27 December 1861

⁶⁰ D. Crook, *The North, the South, and the Powers* (New York: John Wiley & Sons, 1974), pp. 268-272; Adams, *Great Britain*, Vol. II (London: Longmans, Green and Company, 1925), pp. 13-14n.

national debt was held overseas and that, in 1861, 90 per cent of it was held in Britain.⁶¹ It is unlikely that this played no part in political calculations.

The essential facts are that, at all times, the greater portion of the commerce of Liverpool involved countries other than America and, of its American trade, most was with the North. During the war, this situation became even more marked. *The Times* reported that “where one cargo goes forth to the South, 50 at least go to the North.”⁶² The collapse of American cotton imports led to a greatly expanded trade with the Far East, South America and the Mediterranean, from which most of the cotton now came. When Mary Ellison says that Liverpool “trade[d] with the South as an independent nation”, she gives both a political and an economic slant that is misleading.⁶³ Liverpool simply traded. As it always had. With anyone. But not very much with the South, independent or not.

In his study of Liverpool shipping agents who handled the Southern trade before and after the civil war, Neil Ashcroft found that, of the 127 firms involved in the trade in 1860, 100 were still trading in 1867.⁶⁴ The rate of attrition was therefore low. However, the fact that most survived until 1867 says nothing about changes to the scale of their businesses. A significant number – albeit still a small minority – of Liverpool merchants would have been catastrophically affected by the collapse of American raw cotton imports. Many firms specialised by commodity and/or by country.⁶⁵ From 1855 to 1870, about 70 per cent of all traders are said to have specialised by region, and over 60 per cent by commodity.⁶⁶ However, as Ashcroft has established, “beyond them was a pool of work, shared amongst a shifting population of occasional participants – emphasised by the fact that over half of the total firms (53 per cent) have been identified as handling only one vessel [in the American cotton trade] in all the antebellum samples.”⁶⁷ This suggests, which David Williams’s research confirms, that there were a number of large firms that

⁶¹ Sexton, *Debtor*, pp. 9, 12

⁶² *Liverpool Mercury*, 31 October 1862, quoting *The Times*

⁶³ M. Ellison, *Support*, p. 132

⁶⁴ Ashcroft, ‘British Maritime’, p. 124; Hall, ‘Cotton Importers’, pp. 89-91

⁶⁵ D. Williams, ‘Liverpool Merchants and the Cotton Trade 1820-1850’, in J. Harris (ed.), *Liverpool and Merseyside* (London: Frank Cass & Co., 1969), pp. 192-196

⁶⁶ Milne, *Trade and Traders*, p. 103; Buck, *Anglo-American*, pp. 8-12

⁶⁷ Ashcroft, ‘British Maritime’, p. 99

dominated key trades, surrounded by a plethora of jobbing firms that had no single mainstay and were used to adapting to circumstances.⁶⁸

There is a further point to make about the imports of American raw cotton to Liverpool. While the great majority came directly from the ports of the Southern States – before the war, New Orleans had about 58 per cent of that trade; Mobile, Savannah and Charleston 10-15 per cent each⁶⁹ – 14 per cent of total imports came via New York and a great deal of the 86 per cent that did not was consigned by Northern merchants. This point was even more relevant to the outgoing trade. The *Morning Post* reported that, before the war, “upwards of three-fourths of the European goods consumed by the South have been shipped to Northern ports, for transmission thence to the South.”⁷⁰ As far as business relationships between Liverpool and America were concerned, there was a lot more contact with the North, even before the war, than the statistics suggest.

As Graeme Milne has noted, “Liverpool traders are assumed to have been pro-Confederate because of their investments in the cotton trade, and the port as a whole is assumed to have suffered when that trade was curtailed, but little systematic work has been done to determine the reality of the situation.”⁷¹ Milne’s own research, reproduced above, has largely addressed the second assumption, but the first assumption has not been challenged and the absence of concrete data has already confused others. Mary Ellison’s remark about Liverpool “unofficially fighting on the side of the South” was given at the top of the chapter, and she made similarly dramatic points elsewhere. However, at other places in her narrative, she contradicted herself: “the reaction of Liverpool was far more complex than that of any other town or region in Lancashire... There was a greater degree of backing for the North there than has been realized.”⁷² Blackett also struggled in vain to find evidence of Liverpool’s true sympathies.⁷³

⁶⁸ D. Williams, ‘The Shipping of the North Atlantic Cotton Trade in the mid-Nineteenth Century’, in D. Alexander & R. Ommer (eds), *Volumes not Values: Canadian Sailing Ships and World Trades*, Proceedings of the Third Conference of the Atlantic Canada Shipping Project (St John’s, NL: University of Newfoundland Press, 1979), pp. 311-314

⁶⁹ Ashcroft, ‘British Maritime’, p. 58

⁷⁰ *Liverpool Mercury*, 8 January 1862, quoting the *Morning Post*

⁷¹ Milne, *Trade and Traders*, p. 10

⁷² M. Ellison, *Support*, pp. 35, 87

⁷³ Blackett, *Divided Hearts*, pp. 64-65

The chief manifestations of Confederate support in Liverpool are easy to describe. The town was the headquarters of Fraser, Trenholm & Co., the Charleston-based company that had been the largest importer of cotton into Britain before the war and became the Confederacy's unofficial bank in Europe during the war.⁷⁴ Charles K. Prioleau, its managing director, masterminded the blockade trade, and his house in Abercromby Square was said to have been the unofficial 'Embassy' of the Confederacy.⁷⁵ Commander James Bulloch, the South's chief naval procurement officer, was based in Liverpool, from where he sourced the *Florida* and the *Alabama*, as well as the notorious Laird rams, all built on Merseyside.⁷⁶ James Spence, the most effective British propagandist for the South, lived and traded in Liverpool.⁷⁷ Many of the merchants involved in trade with the Southern States championed the Confederacy. Some of them formed the Southern Club, with a membership of about 200, most of whom had some connection with blockade-running.⁷⁸ The Forwood family flew the Confederate flag at their offices and on their ships, when in port.⁷⁹ For all these reasons, it was and remains easy to portray Liverpool as a predominantly Southern town. However these people were based in Liverpool, not because the town had Confederate sympathies, but because it was commercially expedient. The question is how far their activities, which were high-profile but involved comparatively small numbers of people, were representative of Liverpool as a whole.

The attitudes of the mercantile community of Liverpool towards the war will be considered under the umbrella term 'merchants'. However, the word embraces a wide range of categories: ship-owners, shipping brokers, shipping agents, import/export companies, and many more. The portmanteau term is used partly because too little is known about how attitudes may have varied between categories of merchants, and partly because it was the term all these groups most

⁷⁴ W. Spencer, *The Confederate Navy in Europe* (Tuscaloosa: University of Alabama Press, 1983), p. 6; Milton, *Lincoln's Spymaster*, pp. 34, 53; Table 8.2

⁷⁵ Lowcountry Digital History Initiative, *Liverpool's Abercromby Square and the Confederacy During the U.S. Civil War* <<http://ldhi.library.cofc.edu/exhibits/show/liverpools-abercromby-square/introduction>> [accessed 23 February 2017]

⁷⁶ Milton, *Lincoln's Spymaster*, pp. 27-28; Spencer, *Confederate Navy*, p. 211

⁷⁷ Milton, *Lincoln's Spymaster*, pp. 72-73

⁷⁸ Blackett, *Divided Hearts*, pp. 63, 92

⁷⁹ M. Ellison, *Support*, p. 132

commonly used to describe themselves.⁸⁰ When one comes to consider the attitudes of these assorted merchants towards the war, the most noise, as usual, came from supporters of the Confederacy. At the commencement of the *Trent* crisis, Mary Ellison reported a meeting of “enraged cotton brokers and merchants” in the saleroom of Liverpool’s Exchange, demanding a war with the North: “this normally cautious body of men passed a violently anti-Northern motion.”⁸¹ Most of those attending – Spence, Forwood, Cowie, Fernie, Bushby, Longrigg, Prioleau, amongst others – were merchants with substantial interests in the American cotton trade, together with a few cotton brokers. Referring to the same meeting, Marler reported that “Spence easily secured the support of Liverpool’s cotton merchants for an angry resolution.”⁸² The *Mercury* interpreted the meeting differently:⁸³

The frothy excitement which the less judicious and less experienced of our merchants and brokers evinced yesterday has a good deal subsided. The appearance in the *Times* and other papers of the account of the indignation meeting ... has rather tarnished the reputation which Liverpool merchants possessed for good breeding and good sense... That it indicated the public feeling in this town is as untrue as to say that the meeting was convened by the most influential of the mercantile body... We do not hesitate to say that Tom, Dick, and Harry⁸⁴ had the almost entire management of the affair, and that they appear to have enjoyed it amazingly.

Many members of Liverpool’s merchant community were less partisan and more pragmatic than their ‘less experienced’ colleagues. Their main concern was anything that constrained free trade. For that reason, the North had angered them with the Morrill tariff and the imposition of the blockade, and the South with the embargo.⁸⁵ The South’s methods of prosecuting the war angered them just as much, none more so than the activities of the *Florida* and *Alabama*. These armed cruisers, both built on Merseyside, roamed the Atlantic and other oceans, and sank or captured any Union vessel they found. To many Liverpool ship-owners, this was piracy. Furthermore, much of this Northern merchant shipping was insured in

⁸⁰ Ashcroft, ‘British Maritime’, p. 230

⁸¹ M. Ellison, *Support*, pp. 150-151

⁸² Marler, *Merchants’ Capital*, p. 142

⁸³ *Liverpool Mercury*, 29 November 1861

⁸⁴ This was a snide reference to the Littledale family, merchants and cotton brokers, and prominent supporters of the Confederacy.

⁸⁵ J. Pelzer, ‘Liverpool and the American Civil War’, *History Today*, March 1990, p. 51

Britain, which prompted the Chamber of Commerce to write a letter of protest to the Foreign Secretary.⁸⁶ However, Liverpool also gained from the depredations of these cruisers. Their success in sinking merchant ships flying the Union flag prompted many Northern ship-owners to transfer the registration of their vessels to Britain. Richard Cobden complained that “by what we had already done, we had rendered the mercantile marine of America practically valueless”.⁸⁷ In 1860, 11,000 tons of US shipping had been sold to British buyers; in 1863 it was 329,000 tons. According to Milne, “many [vessels] were acquired by firms that had acted as Liverpool agents for American owners prior to the Civil War.”⁸⁸ By the end of the war, the size of Britain’s merchant marine fleet had overtaken that of America, and accounted for 37 per cent of the world’s shipping tonnage.⁸⁹ As with so many issues during the civil war, this one cut both ways.

It is difficult to assess the private views of Liverpool merchants towards the war. The American Consul in Liverpool, Thomas Dudley, compiled a list of those known or suspected to be trading with the Confederacy, which he sent to the State Department in June 1862.⁹⁰ Out of 255 companies or individuals named – not a very great number, considering Dudley’s diligence and the size of the town’s merchant community – 19 were cotton brokers and 43 had been substantial recipients of American cotton in 1860.⁹¹ But these names were not necessarily representative of Liverpool’s mercantile community as a whole. Thomas Sebrell concluded that “not all merchant companies in Liverpool were pro-Confederate, as many had ties with the North through the corn and wheat trades. However, a majority favored the South.”⁹² John Pelzer has pointed out that “while the Southern trade fulfilled its short term aims for profits, a full-scale alliance with the South offered long-term dangers for the seaport’s merchant community. And these dangers tempered the community’s support for the South.”⁹³ By contrast, John Crosby Brown, in his history of the family business which included the firm of Brown, Shipley & Co. in

⁸⁶ *Liverpool Mercury*, 3 & 10 November 1862

⁸⁷ *Ibid.*, 24 July 1863

⁸⁸ Milne, *Trade and Traders*, p. 133

⁸⁹ Pender & Co., *Statistics*, p. 119

⁹⁰ The list is reproduced in full in Hughes, ‘Liverpool’, Appendix D, pp. 341–355.

⁹¹ Custom Bills of Entry, Liverpool B Bills, 1860

⁹² Sebrell, ‘Civil War’, p. 4

⁹³ Pelzer, ‘Liverpool’, p. 52

Liverpool, reported that “it was a source of profound grief to Mr Shipley that at the outbreak of the Civil War the sympathies of the English aristocratic and mercantile classes, and among them his old Liverpool friends, were in great measure with the Southern cause.”⁹⁴ However, this may have been a partial view: most of Shipley’s friends in Liverpool would probably have been connected with the American cotton trade.

As with public opinion in the country as a whole, one cannot quantify support for each side amongst Liverpool’s merchants. Many of them, probably a majority, had emotional sympathy for the Confederacy. However, emotional sympathy is not the same as a perception of self-interest, or a rational appreciation of wise policy, and here Liverpool’s attitudes were a great deal clearer. It is not hard to say where the self-interest of Liverpool merchants lay. As with the cotton operatives, their first interest was a speedy end to the war, irrespective of who won it. Their second interest was a policy of British neutrality and non-intervention, as their principal newspaper urged. Having lost, for the time being, their trade with the Southern States, the last thing the merchants needed was a disruption to their trade with the North, let alone a war with the Union. Intervention would have produced the former and might have produced the latter.

These attitudes were reflected in the Liverpool Chamber of Commerce, despite the presence there of the leading Southern propagandist, James Spence. At a meeting in August 1862, the Government’s policy of neutrality was endorsed by several speakers and opposed by none.⁹⁵ In late October 1862, Spence failed to persuade the Chamber to memorialize the government for recognition of the Confederacy.⁹⁶ Altogether, as Blackett observed, “Spence had little success generating public support in what many considered the most pro-Confederate city in the nation.”⁹⁷ On 8 November 1862, the Chamber wrote to Russell, protesting at the ravages to merchant shipping caused by the *Alabama*.⁹⁸ A special meeting of the Chamber in April 1863 considered the issues raised by the building of that ship, and

⁹⁴ Brown, *A Hundred Years*, p. 96

⁹⁵ *Liverpool Mercury*, 12 August 1862

⁹⁶ M. Ellison, *Support*, p. 129

⁹⁷ Blackett, *Divided Hearts*, p. 64

⁹⁸ *Liverpool Mercury*, 10 November 1862

agreed to petition the Government to prevent systematic evasion of the Foreign Enlistment Act.⁹⁹ This led to a memorial to the Foreign Secretary from 31 Liverpool ship-owners, suggesting changes to the Act by giving greater power to prevent the construction in British ports of ships destined for belligerents.¹⁰⁰ It complained that: “your Memorialists share in the regret with which a law-regarding community must naturally look on successful attempts to evade the provisions of an Act of Parliament passed for a single and simple purpose, but which has been found not to give the Executive all the powers needed for its effective execution.”¹⁰¹ 12 of the ship-owners were substantial importers of cotton, and 10 of them of pre-war American cotton. They were motivated partly by a fear of what would happen if Britain was subjected to the same treatment as the Union in any future war: much of its merchant marine would be liable to be sunk, and much of the rest would choose to sail under a different flag. It is clear from the minutes that one aim of the memorial was to stay on good terms with the North. The *Mercury* reported that “a copy of the report of the special committee was transmitted to the New York Chamber of Commerce, whose acknowledgement, lately received, is couched in friendly terms.”¹⁰²

The Chamber of Commerce was not unanimous in its opinions. One of the first responses of Richard Cobden to the civil war had been to agitate for the abolition of the blockade of commercial ports in wartime, a position endorsed by the town council of Liverpool.¹⁰³ His letters reveal the support he received from some Liverpool ship-owners in this objective, notably from the Rathbone family.¹⁰⁴ However, they also reveal opposition from other quarters in the Chamber which, under pressure from Spence, altered its opinion on several occasions. Its eventual position was to support simultaneously the principle of blockades and the immunity of private property at sea. Cobden denounced this position, which was backed by

⁹⁹ *Liverpool Mercury*, 10 April 1863

¹⁰⁰ PP, Memorial from Certain Shipowners of Liverpool Suggesting an Alteration in the Foreign Enlistment Act, 1863, lxxii, 3200; *Liverpool Mercury*, 13 July 1863

¹⁰¹ Custom Bills of Entry, Liverpool B Bills, 1860

¹⁰² *Liverpool Mercury*, 3 August 1863

¹⁰³ Howe, *Cotton Masters*, p. 245; A. Howe & S. Morgan (eds.), *The Letters of Richard Cobden*, Vol. IV (Oxford University Press, 2015), pp. 344-345

¹⁰⁴ Howe & Morgan (eds.), *Cobden*, Vol. IV, pp. 392, 406-407, 468-469

the Liverpool MP Thomas Horsfall, as “a mere shipowner’s point of view ... absurd, narrow & selfish”.¹⁰⁵ However, the reports of the Chamber’s proceedings suggest that the principal Liverpool merchant interests, as defined earlier, did have majority support throughout the war. This contradicts Mary Ellison’s assertion that it tended to support the South. And when she refers to “pockets of sympathy for neutrality” existing in Liverpool, all one can say is that they were very deep pockets.¹⁰⁶

In addition to its Chamber of Commerce, Liverpool had an American Chamber of Commerce, composed of Liverpool merchants who traded with America, some British and some American. In 1859, it had 29 members and met twice a year to consider grievances, the regulation of fees, and other trading issues.¹⁰⁷ Liverpool was home to the largest American community in Britain at the time. Stephen Tuffnell has written that “the majority of Americans in the city were transatlantic cotton traders and financiers drawn from New York, Philadelphia and New England... Neither wholly pro-Confederate nor wholly pro-Union, the port was the lynchpin of the Confederates’ transatlantic supply chain... American social life in the port centered upon either the U.S. consulate or ... the American Chamber of Commerce.”¹⁰⁸ Given their origins, one would think that most of these Americans supported the Union, although that cannot be assumed either. The minute book of the American Chamber at this period does not survive, and its meetings were not reported in the *Mercury*, so its precise views are unknown. Its presidents during the civil war were George Melly (1861), S. B. Guion (1862), Thomas Stolterfoht (1863), Charles Melliush (1864) and W. Maxwell (1865).¹⁰⁹ Guion shipped coal and other goods to the Union free of charge.¹¹⁰ All except Melliush were recipients of American cotton in 1860.¹¹¹ In 1865, the membership included known Southern partisans from the firms of Richardson, Spence & Co. and

¹⁰⁵ Howe & Morgan (eds.), *Cobden*, Vol. IV, p. 392

¹⁰⁶ M. Ellison, *Support*, pp. 104-105

¹⁰⁷ Anon., *Brief Sketch of the American Chamber of Commerce in Liverpool* (Liverpool: The Liverpool Printing & Stationery Co., 1908), pp. 3, 13, 14

¹⁰⁸ S. Tuffnell, ‘Expatriate Foreign Relations: Britain’s American Community and Transnational Approaches to the U.S. Civil War’, *Diplomatic History*, Vol. 40, Issue 4 (September 2016), p. 5

¹⁰⁹ W. Henderson, ‘The American Chamber of Commerce for the Port of Liverpool, 1801-1908’, *Journal of the Historic Society of Lancashire & Cheshire*, Vol. 85 (1933), p. 57

¹¹⁰ Tuffnell, ‘Expatriate’, pp. 15-16

¹¹¹ Custom Bills of Entry, Liverpool B Bills

C. & D. MacIver, and known Northern partisans from the firms of Brown, Shipley & Co., Guion & Co., Rathbone Brothers & Co. and Melly, Forget & Co.¹¹²

This, in as far as it can be ascertained, was the political and mercantile climate in which the cotton brokers of Liverpool operated. Their own sympathies are equally hard to decipher. In their annual circulars, political opinions are seldom ventured. There is a certain amount of political analysis, especially in the circulars at the end of 1860 following Lincoln's election, but it is expressed in terms of the likely impact upon the cotton trade rather than with any sense of a desired outcome. At the end of 1863, Samuel Smith declared that it is "past doubt that the institution of slavery must perish", a conviction repeated by Robson & Eskrigge.¹¹³ But such comments do not necessarily imply approval, although in these cases they probably do. The most overt opinion was expressed by Maurice Williams, who declared the South's war of secession to be "the most gigantic and wicked of all rebellions in the history of the World".¹¹⁴ But no one reading their printed commentaries could identify brokers collectively as being partisans of either side. As with other commercial elements in the town, politics seem to have been merely politics, but business was business.

In addition to the bulk export of merchandise such as cotton goods, Liverpool docks handled a more specialist commodity during the war: arms and ammunition. These cargoes were sourced outside Liverpool, but the port was the agent of their transmission. They may have formed a tiny proportion of the port's trade, but they were of vital importance to the consignees. When the civil war commenced, neither side possessed enough of the armaments and clothing that were needed to fight it, and both sides looked to Britain to supply the shortfall.¹¹⁵ It is hyperbolic to claim, as one newspaper did, that "the Northern armies are clothed by Bradford and armed by Birmingham," but, especially in the early part of the war, the claim did contain a great deal of truth.¹¹⁶ One of the anomalies of the Foreign Enlistment Act was that it ignored small arms purchases.¹¹⁷ There was nothing illegal in both North and South

¹¹² *American Chamber of Commerce Liverpool*,
<<https://history.state.gov/historicaldocuments/frus1865p4/d44>> [accessed 12 August 2016]

¹¹³ Smith, Edwards & Co. and Robson & Eskrigge, annual CCs for 1863, LRO, 380 COT/1/11/68

¹¹⁴ Williams, *Seven Years*, 1863, p. 40

¹¹⁵ Owsley, *King Cotton*, pp. 553-554

¹¹⁶ *The Scotsman*, quoted in *Liverpool Mercury*, 10 April 1863

¹¹⁷ Sexton, *Debtor*, p. 106

sourcing armaments in Britain. It may have violated the Queen's proclamation of neutrality, but that proclamation was not law. In the words of James Bulloch, "the British tradesman was to be as little hampered as possible, and was to be left free to sell and deliver arms and ammunition."¹¹⁸

Historical comment has focused on what Britain did to arm the South but, in terms of weaponry, it did more to arm the North. Because there was no blockade to run, this has attracted less attention. Most of these arms shipments went through Liverpool.¹¹⁹ In March 1863, Russell wrote to the American Minister, Charles Adams: "[the] Government are entitled to complain of both parties ... and their complaint applies most to the [Federal] Government, because it is by [them] that by far the greatest amount of such supplies have been ordered and procured."¹²⁰ Arms exports were not recorded as such, but were listed under euphemisms such as 'sundries' or 'hardware'. John Laird MP, under fire in the House of Commons for his firm's building of the *Alabama*, provided detailed figures. He examined the bills of entry for London and Liverpool and found vast shipments of weaponry to the Union, transported by – amongst others – Barings Bros and Brown, Shipley & Co. Laird claimed to have found evidence that between May 1861 and December 1862, 41,500 muskets, 341,000 rifles, 26,500 gun-flints and nearly 50 million percussion-caps had been sent to the North. He alleged further substantial quantities for the first quarter of 1863 and said he believed that these figures understated the actual shipments. "The Northern States," Laird declared, "have been well supplied with the most efficient means of warfare from this country, through the agency of some most influential persons."¹²¹

One of the 'influential persons' Laird may have had in mind was his fellow Conservative MP Thomas Baring, who walked out of the chamber during Laird's speech.¹²² Laird had correctly named Barings Bros as a facilitator of Federal procurement. Jay Sexton has described how, in 1862, the bank trebled its advance to the Union's purchasing agent George Schuyler. With \$2 million from Barings,

¹¹⁸ J. Bulloch, *The Secret Service of the Confederate States in Europe, Volume 2* (New York: G. P. Putnam's Sons, 1884), p. 13

¹¹⁹ Owsley, *King Cotton*, pp. 553-554

¹²⁰ *Liverpool Mercury*, 17 March 1863

¹²¹ Hansard, 3rd Series, 1863, clxx, 68-72

¹²² *Liverpool Mercury*, 31 March 1863

Schuyler purchased more than 150,000 small arms. In total, Britain and other European countries supplied the North with an estimated 1,165,000 small arms in the first two years of the war, whilst its manufacturers converted to arms production. Sexton reported that “the Union abandoned its small arms purchasing operations in early 1863 as the production of Northern manufacturers proved capable of meeting demand.”¹²³ A record in the Parliamentary Papers for 1864, reporting arms shipments from Liverpool to America, shows that in 1862 Liverpool sent almost 200,000 firearms and nearly 12 million percussion caps to New York.¹²⁴ Laird’s figures do not seem to have been an underestimate.¹²⁵

The Confederacy was equally engaged in buying arms in Britain, and its activities continued throughout the war, when resources permitted. In the second half of 1862, its limited funds abroad were so overdrawn that purchasing operations were put on hold.¹²⁶ However, by early 1863, Caleb Huse, its chief procurement agent, had purchased more than 130,000 long arms.¹²⁷ It has been said that the Confederate army fought the battle of Shiloh with 10,000 Enfield rifles, 3,000 cavalry sabres, a million ball cartridges and 1,000 rounds of ammunition, all of which had been smuggled in on the blockade-runner *Fingal* from Nassau.¹²⁸ Another source estimates that the South imported more than half a million small arms in total, most of them from Britain.¹²⁹

But the most notorious contribution made by Merseyside to the Confederacy was to its navy, non-existent at the start of the war and the scourge of the Union by its end. The ravages wrought by the *Florida*, built by William C. Miller & Sons in Liverpool, and the *Alabama*, built by Laird Brothers in Birkenhead, and the unsuccessful attempts of the British Government to prevent them from leaving port, have been well documented and need no repetition.¹³⁰ Whatever it appeared

¹²³ Sexton, *Debtor*, pp. 105-106

¹²⁴ Cited in Milne, *Trade and Traders*, p. 174

¹²⁵ See also Tuffnell, ‘Expatriate’, pp. 11-12

¹²⁶ Sexton, *Debtor*, p. 145

¹²⁷ *Ibid.*, p. 142

¹²⁸ R. Drysdale, ‘Blockade-running from Nassau’, *History Today*, Vol. 27, Issue 5 (May 1977), p. 334

¹²⁹ T. Boaz, *Guns for Cotton: England Arms the Confederacy* (Shippensburg, PA: Burd Street Press, 1996), p. 68

¹³⁰ Thorp, *Mersey Built*, pp. 53-82, 115-126; Jones, *Blue and Gray*, pp. 193-199; Sexton, *Debtor*, pp. 106-108

to say, the Foreign Enlistment Act, never tested in a court until the civil war, was not held to disallow the construction of warships for another country in a war in which Britain was neutral, unless its armaments were flagrant and its destination certain. The courts did not uphold the Government's attempts to use the Act to stop the *Florida*, and it also failed to stop the *Alexandra*, a Confederate cruiser built on Clydeside. Earl Russell said of the failure to prevent the escape of the *Alabama*: "in a single instance, we fell into error." It was a big error given the reparations claimed by the Federal Government, later agreed at \$15.5 million.¹³¹

Whatever the legalities, the Government was determined not to fail again when confronted by the Laird rams, two formidable warships under construction by Laird Brothers. The rams and all other suspected Confederate vessels were detained. As with the *Alabama*, commercial opinion in Liverpool was divided: many ship-owners were relieved, while Thomas Horsfall again represented the contrary view that the Government's "course of conduct ... amounted to oppressing the commercial interests of the country."¹³² The Solicitor General admitted that detention was an act of policy though not of strict law. When a legal challenge followed, Palmerston simply purchased the rams for the Royal Navy.¹³³ Laird Brothers were among the contractors to the Royal Navy. They were already building one ship for the Government, HMS *Agincourt*, and were no doubt in hope of further contracts, which they obtained.¹³⁴ This may have influenced the company's decision to let the rams go quietly. Two letters from John Laird relating to the detention are listed among the Foreign Office papers transferred to the National Archives, but are also marked there as 'missing at transfer'.¹³⁵

Far less well-known are the attempts made by the Union to purchase warships in Britain. In fact, before the Laird rams reached the Royal Navy, they might have been diverted to the Union rather than to the Confederacy. In April 1863, at the instigation of US Treasury Secretary, Salmon P. Chase, and with the

¹³¹ Jones, *Blue and Gray*, p. 201

¹³² Hansard, 3rd Series, 1864, clxxiii, 975; Howe & Morgan (eds.), *Cobden*, Vol. IV, p. 487

¹³³ Sexton, *Debtor*, pp. 111-112

¹³⁴ *Liverpool Mercury*, 18 February 1864; *List of vessels constructed by Cammell Laird shipbuilders*, <<http://www.wirralhistory.com/lairds.html#1860>> [accessed 7 October 2016]

¹³⁵ NA, Letter, Iron-Clad Vessels launched at Liverpool (Mr Laird), 1863, FO 881/1174; Letter, To Treasury, Detention of Iron-Clad Vessels at Liverpool, 1863, FO 881/1175

involvement of US Navy Secretary, Gideon Welles, two American businessmen, John Forbes and William Aspinwall, were sent to Britain to purchase warships already under construction for the Confederates and to outbid the South for them. The targets included the rams. Forbes and Aspinwall were given \$10 million in bonds with which to negotiate a \$5 million loan from Barings. However, the bank was not enthusiastic about the project and gave the Americans scarcely half what they requested.¹³⁶ Even that proved impossible to spend. Despite the bribes offered to shipyard workers to disclose information, little progress was made, and the secret mission was aborted when a pro-Southern New Yorker disclosed its existence to *The Times*. Forbes and Aspinwall returned home empty-handed, apart from \$6 million in unconverted bonds.¹³⁷

This was not the first time that the Union had attempted to purchase warships in Britain, nor the first time that Navy Secretary Welles was involved. In the same House of Commons speech by John Laird reported earlier, he claimed that “in 1861, just after the war broke out, a friend of mine ... came to me with a view of getting iron-plated vessels of war built in this country for the American Government – the Northern Government.”¹³⁸ Laird then gave some details of this approach, but was otherwise circumspect. However, when Richard Cobden publicised a letter he had received throwing doubt on Laird’s claim, Laird responded vigorously and in detail. He may also have heard that Welles had described him in the US Senate as “a mercenary hypocrite without principle or honesty”.¹³⁹ The letter sent to Cobden had been written by Welles to Charles Sumner, chairman of the Senate Committee on Foreign Relations, saying that Welles “has an indistinct remembrance that his department was importuned by more than one person on behalf of Messrs. Laird”.¹⁴⁰ This may not be thought to be among the more convincing of political denials.

¹³⁶ Sexton, *Debtor*, p. 109; Milton, *Lincoln’s Spymaster*, pp. 83-84

¹³⁷ Sexton, *Debtor*, pp. 108-110; J. Grady, *Forbes and Aspinwall Go to War*, <http://opinionator.blogs.nytimes.com/2013/07/26/forbes-and-aspinwall-go-to-war/?_r=0> [accessed 7 October 2016]

¹³⁸ Hansard, 3rd Series, 1863, clxx, 68-72

¹³⁹ Grady, ‘Forbes and Aspinwall Go to War’

¹⁴⁰ *Liverpool Mercury*, 27 July 1863

Laird then released for publication a series of four letters from his unnamed contact, all written between 30 July and 25 October 1861. These extracts, culled from various letters, reveal the immense detail of the approach made to him:¹⁴¹

I have had frequent interviews with our 'Department of Naval Affairs,' and am happy to say that the Minister of the Navy is inclined to have an iron-plated ship built out of the country. I send you herewith a memorandum ... from the department... I have assured my Government that you will keep this matter entirely and strictly to yourselves... This ship is designed for a specific purpose, to accomplish a definite object ... to force an entrance into Charleston harbour... The floating battery or iron-plated ship [is] to be so constructed as to be able to pass the forts comparatively unharmed ... She is not required to have a speed exceeding six knots. She must not draw over fourteen feet. She must have no masts... There should be a rudder at each end to avoid turning. She must carry eight guns (rifled), weighing each about 10,000 lbs.

In the same correspondence, Laird was asked to quote and provide designs for a six-wheel gunboat, with similar detail provided. It would appear that Laird was prepared to entertain building gunboats for the Union, because he was later thanked for sending drawings, which his contact had "laid ... before the Secretary of the Navy" and who hoped "to send you an order for the construction of one or more gunboats". However, "the Secretary was rather disappointed that you have not sent any response to the memorandum in reference to a shell and shot battery." It is possible that, by this time, Laird had been approached by Bulloch to build vessels for the Confederacy. It is also possible that responsibility for the shelling of Charleston was a step too far for this Southern diehard.¹⁴²

Presumably this correspondence in the *Mercury* was relayed to Washington by the American consul in Liverpool, Thomas Dudley, if by no one else. Further denials were now required. On 24 August, the *Mercury* published a letter from C. B. Sedgewick, a New York congressman and former chairman of the House Committee on Naval Affairs. He identified the go-between as a Mr Howard of Brooklyn. Howard was said to have possessed plans for vessels, produced by Laird, and Sedgewick assumed him to be an agent of Laird's. He directed Howard to Welles, who turned the proposal down.¹⁴³ This claim is even less convincing than

¹⁴¹ *Liverpool Mercury*, 27 July 1863

¹⁴² Laird was a member of the Southern Independence Association (Blackett, *Divided Hearts*, p. 68).

¹⁴³ *Liverpool Mercury*, 24 August 1863

the previous attempt at a denial. The relevant Laird correspondence dates from the second half of 1861, whereas Sedgewick claimed that the approach from Howard was made in July 1862. In that same month, the *Alabama* was completed and Welles would have been fully briefed about the vessel and its constructor by Dudley. It seems inconceivable that Laird would have been interested in building ships for the Union at that point, particularly as his firm had also signed the contract to build the Laird rams in the same month.¹⁴⁴ The lameness of Sedgewick's case suggests that Laird was truthful in his account of the Federal approach, and the detail of Laird's briefing suggests a project inconsistent with someone hoping to broker a vague deal. Finally, it seems unlikely that Welles would have used the precise phrase 'mercenary hypocrite' unless Laird had previously appeared willing to build gunboats for the North: no other aspect of Laird's behaviour could be described as hypocritical, however mercenary it was.

The vast activity that took place in Liverpool during the war years – the building of ships for the Confederacy; the approach to build ships for the Union; the formidable supply of armaments to both sides; the need to replace the lost American cotton trade; the urgent arrivals of cotton from elsewhere; the bravado of blockade-running; political and mercantile partisanship on both sides – took place in a port where the activities of all were under constant surveillance by both combatants. Thomas Dudley for the Union, and James Bulloch for the Confederacy, wanted to know everything that happened. The *Mercury* deplored the way that both sides had made Liverpool "a kind of supplemental fighting ground", each with its own headquarters and spies, where respective agents promoted their own cause and attempted to thwart the plans of their opponents.¹⁴⁵ Nor were the two belligerents the only ones involved in espionage. According to the *Mercury*, "it is currently reported that the head constable of Liverpool, acting under instructions from the Government, is employing Detectives Cousin, Skaife, Smith, and Horne to go about incog. and obtain information respecting suspicious vessels, and also to watch the movements of the leading Confederates."¹⁴⁶

¹⁴⁴ Milton, *Lincoln's Spymaster*, p. 79

¹⁴⁵ *Liverpool Mercury*, 10 April 1863

¹⁴⁶ *Ibid.*, 17 April 1863

So Liverpool was certainly a hotspot during the war, but it was far from being a Confederate hotspot alone. The *Mercury's* correspondent on the town's Exchange referred to "the mercantile community here, the majority of whom are strongly in favour of the Confederates", but – even if he was right – most of them did not urge the Government to act upon their opinion: in fact, the reverse.¹⁴⁷ As for public opinion in the town, there is no evidence that it differed from what is now felt to have been the mostly pro-Union sentiment in Britain generally. In the same way that it is impossible to speak of the varied and conflicting experiences of the cotton trade during the war in the same breath, it is impossible to do so with the opinions and attitudes of Liverpool's citizens and merchants. Powerful myths have obscured the complexities of the situation. The interests of specific sub-groups need to be teased out from the generalisations. For every Spence or Forwood or Littledale in Liverpool, there was a Brown, a Rathbone and a Melly. It is possible that there was greater support for the Confederacy in the town than elsewhere, but that is unproven and unprovable.

Liverpool's permanent and intimate connection with both parts of America meant that many people there had an intense personal interest in the civil war, and also a strong vested interest in it. From a financial and mercantile point of view, those interests and connections had more to do with the North than with the South. For most merchants, a quick end to the war was the priority. However, for some of them – many cotton brokers and speculators; the more successful of the blockade-runners – nothing was more devoutly wished than a continuation of the conflict that had so enriched them. In fact, self-interest always seemed to take precedence over opinion, no matter how strongly held. Maurice Williams, despite his vehement views on the war, was happy to profit greatly from the speculation it induced.¹⁴⁸ The convinced Southerner John Laird was prepared to entertain the thought of building gunboats for the Union. The cotton commentator Henry Neill came from a staunch anti-slavery family and was nearly expelled from Louisiana on the eve of the war for his abolitionist views, yet he was arrested on a captured blockade-runner outside Charleston harbour.¹⁴⁹

¹⁴⁷ *Liverpool Mercury*, 13 October 1862

¹⁴⁸ Ellison, *Gleanings*, pp. 319-320

¹⁴⁹ *War of the Rebellion*, Series 2, Vol. 2, p. 586; *Preston Guardian*, 18 June 1862

During the war, as always, Liverpool went about its business of trading. It was not Liverpool, Louisiana, or Liverpool anywhere else. It was simply Liverpool. And being simply Liverpool during the civil war meant an immersion in “huge commercial imposthumes ... [which ripened] into horrible rankness”,¹⁵⁰ as the *Porcupine* so colourfully put it, and as will be explored in Chapter 7.

¹⁵⁰ *Porcupine*, 29 July 1865

7

A TOLL BOOTH ON THE MERSEY

How Liverpool enriched itself at Manchester's expense

Writing about trade in Liverpool during the war, Mary Ellison referred to “the cotton brokers who lost so heavily”.¹ Conversely, the broker Paul Hemelryk remembered that “the excitement during the American war was very great, and the profits sometimes beyond conception... Yes, those were great times, times of prosperity, when cotton brokers came down to business in their carriages, and on horseback.”² The *Mercury* gave it as “the opinion of some persons that the year 1863 has been the most profitable year ever known in Liverpool. The cotton trade ... has never been more profitable.”³ Another broker, Edward Braddyll, celebrated the prosperity in verse:⁴

Our Cotton Exchange was a busy sight, – the busiest in the town;
For the price of Cotton was running up, whilst the Stock was running down.
And every Broker in all the lot, old, young, or great or small,
Full many an order had he got, and he quickly filled them all...
They bought themselves new traps and drags, they smoked the best cigars,
And as they walked the Exchange Flags they thanked their lucky stars!

These verses were written specifically about the year 1863, the height of the cotton famine, a year during which much of Lancashire was starving. Nothing could better illustrate the degree to which the cotton trade in Liverpool was disconnected from its hinterland. In considering which of Mary Ellison or Paul Hemelryk was correct about the financial implications of the civil war for Liverpool, the conclusion will be that they were both right.

Earlier chapters have followed the volume of cotton through the war years; now the thesis will follow the money, and consider who competed, and with what

¹ M. Ellison, *Support*, p. 27

² Hemelryk, *Forty Years*, p. 7

³ *Liverpool Mercury*, 1 January 1864

⁴ A Lazy-Un (identified by Thomas Ellison as Edward Braddyll), *The Lays of Cotton Broking* (Liverpool: Harris & Co., 1865), pp. 3-4

success, for a share of the spoils. This chapter begins by providing the financial context for the Liverpool raw cotton market: how the transatlantic trade had been organised before the war, and how everything changed from August 1861. It will then attempt to quantify the value of the raw cotton traded during the war, in the same way that Chapter 4 quantified the volume. Next, the issue of speculation – which Liverpool always hoped could be left blushing in the shadows – will be dragged reluctantly to centre stage. Throughout these years, Manchester became progressively enraged at the way that Liverpool made its already desperate situation worse. For most of the time, it had no choice but to suffer in silence: it needed cotton, and it needed to pay what Liverpool demanded for it. Towards the end of the war, Manchester broke its silence. The chapter concludes with the story of the explosive argument between the spinners and the LCBA.

There is no single source, primary or secondary, that sheds comprehensive light on these issues. The financing of the pre-war American trade has been described in two major secondary sources⁵ and referenced in others, although never with much, or sometimes any, reference to Liverpool.⁶ The quantification of market value relies on the same sources as that of volume: Holt, Pender and Donnell. The section on speculation is based largely on contemporary anecdotal sources, although Chapter 8 will bring some structure and concrete information to the issue, especially as it affected the brokers. The dispute between the LCBA and the spinners, the post-war part of which has been reported by Nigel Hall, is based on the surviving minute books of the LCBA.⁷

Before the war, with 80 per cent of Britain's cotton coming from America, the first link in the financial chain was between the Southern planter and his representative, the factor. In theory, the factor was the planter's agent for selling the crop; in practice, he was many other things as well.⁸ The similarities between Southern factors and Liverpool brokers are striking: both were bankers to their clients; both produced market circulars; both simultaneously bought and sold cotton, with the consequent conflicts of interest; both could choose to withhold

⁵ Buck, *Anglo-American*; Woodman, *King Cotton*

⁶ These are referenced separately, where relevant; see also Beckert, *Empire*, pp. 199-241.

⁷ LRO, 380 COT/1/2/2, 3 & 4; Hall, 'Governance', pp. 105-107

⁸ Woodman, *King Cotton*, p. 14

stocks from the market if the price was not right; both speculated in cotton; and the factor was often a planter as well, just as the broker was often a merchant.⁹ The planter frequently pre-sold at least one year's crop to his factor. These mortgages were arranged by the factors and provided by banks, mainly in the North, with the advances often used to purchase more slaves. Most planters were in permanent hock to their factor. According to one contemporary writer, "not one in fifteen is free of debt".¹⁰ The less scrupulous mortgaged their crops several years ahead and several times over, or borrowed from a second factor to pay the first.¹¹ One historian claimed that "millions of dollars have been advanced by Southern factors upon the mere personal word of the planter, with no formal security at all... If cotton was king, the cotton factor was the power behind the throne."¹² Another has shown that "default and suspension of payments were common. Planters frequently leveraged themselves to the hilt, incurring debts of such magnitude that repayment was simply impossible."¹³

The factors charged a commission of 2.5 per cent for selling the cotton.¹⁴ Most of them were based in the Southern ports, although there were also inland factors.¹⁵ The factors then sold the cotton, sometimes directly to British spinners (although both Buck and Woodman discount this as a frequent occurrence¹⁶) or to local agents of British merchants, or to Southern banks, but mostly to New York merchants, who often had their own representatives in the South.¹⁷ The New York merchant then sold on the consignment. British sales were made directly to a merchant house in Liverpool, or in London, or through that merchant's corresponding firm in America, if one existed. Sometimes the cotton was sold

⁹ Woodman, *King Cotton*, pp. 47-48, 69; Phalen, *Consequences*, pp. 97-101; Buck, *Anglo-American*, p. 82; Hall, 'Brokers', long abstract p. 7; J. Killick, 'The Cotton Operations of Alexander Brown and Sons in the Deep South, 1820-1860', *The Journal of Southern History*, Vol. 43, No. 2 (May 1977), p. 171

¹⁰ J. Stirling, *Letters from the Slave States* (London: J. W. Parker & Son, 1857), pp. 181-182

¹¹ Woodman, *King Cotton*, pp. xi-xii

¹² A. Stone, 'The Cotton Factorage System of the Southern States', *American Historical Review*, Vol. 20, No. 3 (April 1915), pp. 559, 562

¹³ Boodry, 'August Belmont', p. 16

¹⁴ Woodman, *King Cotton*, pp. xi-xii

¹⁵ Cotton was also traded in up-country stores; Lehman Brothers began life as a store trading cotton in Montgomery, AL (Woodman, *King Cotton*, p. 81).

¹⁶ Ellison also referred to this practice (Ellison, *Gleanings*, p. 244).

¹⁷ Buck, *Anglo-American*, pp. 42, 84, 87, 97

outright, and sometimes on commission, at a normal rate of 5 per cent.¹⁸ The cotton was then shipped to Liverpool. The British merchant imported the cotton, warehoused it and arranged for its sale on the Liverpool market through a broker. In this typical chain of events, there were therefore five intermediaries between the planter and the spinner – factor, New York and Liverpool merchants and two Liverpool brokers. There could be more. Occasionally there were fewer.

At every stage, money for the consignment was advanced from the acquiring party to the disposing party. As Woodman noted, “anyone with cotton on hand could easily get an advance from the merchant to whom he chose to consign it ... in cash – immediately, even if he planned to consign his cotton to a merchant a long way off.”¹⁹ The norm for these advances was 67-75 per cent of the expected value of the consignment.²⁰ The balance was usually paid at 90 days. These advances were effected by bills of exchange, discounted on receipt to provide ready cash for the disposer.²¹ As Schoen described it, “the cotton’s purchase would ... be financed on extended credit, tying the trade into extensive financial networks involving major Anglo-American mercantile firms, especially those emerging in New York.”²²

The slowness of communication and transport meant that, even at 90 days, the consignment needed to be paid for by the recipient soon after, and sometimes before, he had physically acquired the cotton. The recipient needed an advance himself. Importing merchants were not always well capitalised; many were ship-owners, with their capital tied up in ships; most were content to let their brokers become the bankers for their cargoes.²³ That is how, in Liverpool, the selling broker came to make advances to the importing merchant, which gave him leverage over his client and influence over the timing of the sale of the cotton.²⁴ As David Williams has noted, “merchants were almost completely dependent for the disposal of their

¹⁸ Woodman, *King Cotton*, pp. 17-18; R. Hidy, ‘The Organization and Functions of Anglo-American Merchant Bankers, 1815-1860’, *The Journal of Economic History*, I, Supplement, December 1941, pp. 53-66; Buck, *Anglo-American*, p. 15; Hall, ‘Cotton Importers’, p. 87

¹⁹ Woodman, *King Cotton*, pp. 34-35

²⁰ Buck, *Anglo-American*, pp 43, 55-56, 71; F. Mitchell Jones, *Middlemen in the Domestic Trade of the United States 1800-1860* (Champaign, IL: University of Illinois Press, 1937), p. 22

²¹ Deane, *Industrial Revolution*, p. 172

²² Schoen, *Fragile Fabric*, p. 50

²³ Hall, ‘Emergence’, p. 79

²⁴ Buck, *Anglo-American*, pp. 55-56

imports on the specialist cotton broker.”²⁵ Liverpool brokers, via their bankers, financed most consignments between their arrival in Liverpool – or before it – and the spinner’s settlement of his purchase.²⁶ Brokers did not need to be highly capitalised, but they did need substantial access to credit. In practice, there must have been a diffuse system of rolling credit, only notionally related to individual consignments.²⁷ Under this system, it was possible for the same cotton to be mortgaged more than once simultaneously. This is what happened during the speculative mania of the civil war, which is why a sudden fall in the price could cause not just one advance on that consignment to unravel, but many.

By the end of the 1850s, financial institutions had become the real powerhouse of the trade, with the result that the North effectively controlled the South’s crop. Southern States belatedly tried to create their own commercial infrastructure, but they were too late.²⁸ In 1860, 85 per cent of America’s chartered banks were in the North, as well as 90 per cent of its industrial output.²⁹ By then, according to Phalen, “New York city had literally become the capital of the South because of its dominant role in the cotton world. New York rose to its pre-eminent position as the commercial and financial center of America because of cotton.”³⁰ Woodman concluded that “the power behind King Cotton’s rickety throne was located in New York and Liverpool rather than in New Orleans, Mobile, Savannah, and Charleston.”³¹ A commentator in the *New York Times* put it more succinctly: “the proceeds of the Southern crops comes [*sic*] North simply to pay Southern debts.”³² New Orleans and the other Southern cotton markets had long been uncertain places for those with a stake in raw cotton that was dependent on its price, as Liverpool was to become with a vengeance during the civil war. Cotton was a risky business: new operators could come in with little experience and little capital, undercut the market and speculate on price; it was not a securely

²⁵ Williams, ‘Liverpool Merchants’, p. 197

²⁶ Hall, ‘Business Interests’, pp. 343-344; Hall, ‘Brokers’, p. 193

²⁷ Buck, *Anglo-American*, p. 44

²⁸ Schoen, *Fragile Fabric*, pp. 148-160

²⁹ Sexton, *Debtor*, p. 134

³⁰ Phalen, *Consequences*, pp. 173-174

³¹ Woodman, *King Cotton*, p. 130

³² *New York Times*, *The Effect of Secession upon the Commercial Relations between the North and South* (New York: Office of the *New York Times*, 1861), p. 16

profitable long-term business.³³ Taking a cut as a banker, or as a broker, was a great deal safer, which is why these two groups became the most powerful forces in the transatlantic trade.³⁴ Barings Bros and Brown & Co., previously large shippers of cotton, led the way in the migration to financial services.³⁵ Brown & Co. controlled the letter of credit business and became the largest provider of foreign exchange in America.³⁶ Scott Marler's study of New Orleans has shown the distrust felt throughout the South towards the city's banking community, because of its links to northern and foreign capital.³⁷

This system, with its elaborate ritual of financial pass-the-parcel, raises the question of what happened when the music stopped in August 1861. At that point, what should have become the Southern cotton crop of 1861-62 would have been largely mortgaged and some of the following year's crop also. The factors would have had debts to the banks they could not repay, and the planters to the factors. Some of this debt would have remained in the South, but most was held in the North. At the outset of the war, State legislatures in the South passed 'stay' laws, forbidding the repayment of any debt to Northern or foreign creditors while the war lasted.³⁸ Estimates of Southern debt at that point range from \$30 to \$100 million in New Orleans, and \$150 to \$300 million overall.³⁹

Whatever the true amount, Anglo-American banks must have been the first losers from the crisis. Which merchants suffered, and to what extent, would have depended on the degree of forward contracting.⁴⁰ British merchants appear to have been protected to some extent by a difficulty in negotiating bills of exchange from late 1860, following Lincoln's election.⁴¹ At that time, the brokers Cowie, Smith & Co. reported that "the commercial distrust and political excitement having created a financial convulsion in the United States ... all the avenues of business have been

³³ Killick, 'Cotton Operations', pp. 169-174; Boodry, 'August Belmont', p. 14

³⁴ J. Killick, 'Risk, Specialization and Profit in the Mercantile Sector of the Nineteenth Century Cotton Trade: Alexander Brown and Sons 1820-80', *Business History*, Vol. 16:1, pp. 4-6

³⁵ Boodry, 'The Common Thread', pp. 121-122, 134; Schoen, *Fragile Fabric*, p. 156

³⁶ Boodry, 'The Common Thread', pp. 122, 212

³⁷ Marler, 'Merchant Capitalist', p. 253

³⁸ Corsan, *Two Months*, p. 240; Marler, *Merchants' Capital*, p. 143

³⁹ Marler, *Merchants' Capital*, p. 126; Woodman, *King Cotton*, pp. 203, 206; *Liverpool Mercury*, 24 January 1862

⁴⁰ *Hunt's Merchants' Magazine*, 1841, IV, p. 224

⁴¹ Woodman, *King Cotton*, p. 169

almost closed, and the wheels of the machinery by which Cotton is ordinarily forwarded to Europe, have been much impeded," a hiatus which the Neill brothers confirmed.⁴² In the event, this was just as well. From early 1861, any forward contract for the purchase of American cotton would have been reckless in the extreme. But earlier forward contracts had almost certainly been agreed, for which a majority advance would have been paid, on cotton that would never be delivered. Some of these contracts would have been entered into by British merchants and underwritten by British banks. Much of this money was presumably never recovered. Yet the losses, which can have occurred only early in the war, did not result in any discovered bank, broker or merchant failures in Britain at that time. So either the losses were bearable, or they were recouped through the copious profit opportunities that the war afforded. Had the civil war broken out just before the season of peak cotton deliveries, rather than in the lull between seasons, the consequence must have been a financial disaster for Britain and for Liverpool.

In August 1861, therefore, it was not just American cotton that was suspended, but the financial infrastructure of 80 per cent of a vast trade. Connections that had been formed and nurtured over decades, trust that had been built up, became irrelevant in an instant. Networks that had supported a trade of about £3 billion at today's prices, giving confidence to all engaged in it, dissolved overnight. There must have been similar networks, on a smaller scale, that had supported the pre-war import of cotton from India, Brazil and Egypt, and these no doubt expanded to handle the greater wartime volumes. But many of those who dealt in cotton during the war, both in Britain and in other countries, were new entrants to the market, tempted by the prices and profits on offer. None of this is quantified or documented, but it must have had a destabilising effect on the market, on its financial operations, and on the level of trust that existed between its participants. The American trade, in terms of its shape and dominance, had not fundamentally altered for decades. Suddenly, in August 1861, that trade ended, and with it the structures within which Liverpool operated. Over the following four years, it was not so much a case of new structures being put in place as of an unstructured free-for-all.

⁴² Cowie, Smith & Co., annual CC for 1860, LRO, 380 COT/1/11/64; Neill Bros circular of unknown date (*The Times*, 21 November 1860). See also Marler, *Merchants' Capital*, p. 127.

To place this period of time in context, Figure 7.1 shows the approximate value of British raw cotton imports over the course of the nineteenth century. Because the price of cotton fell during the century, the value of imports rose more slowly (about eight- to tenfold) than their volume (about thirtyfold). Nevertheless, the steady ascent of the market is clear. Having considered in Chapter 4 the

Figure 7.1

ROUGH VALUE OF BRITISH RAW COTTON IMPORTS, 1800-1900



Source: ABHS

dramatic fall in the volume of raw cotton received during the war, it is sobering to note the dramatic rise in its value. The value of imports attained a monetary peak in 1864 that would not be repeated until the similarly extreme circumstances of the First World War.⁴³ Table 7.1 gives the detailed figures for the years 1858-67. It can be seen that, at the height of the war and despite a huge reduction in volume, the value of raw cotton imports was two and a half times greater than it had been even in the boom year of 1860. Over the years 1861-66, the value of Britain's raw cotton imports was about £150 million greater (£15 billion today) than it would otherwise have been.

⁴³ Mitchell & Deane, *ABHS*, pp. 180-181, 491

Table 7.1

VALUE OF BRITISH RAW COTTON IMPORTS, 1858-67			
	Import (‘000 lbs.)	Weighted pence (p.) per lb.	Value (£ ‘000)
1858	1,025,500	2.53	25,945
1859	1,190,800	2.58	30,723
1860	1,435,800	2.54	36,469
1861	1,261,400	3.40	42,888
1862	533,100	5.80	30,920
1863	691,800	8.63	59,702
1864	896,100	10.07	90,237
1865	966,400	7.07	68,324
1866	1,353,800	5.85	79,197
1867	1,273,800	4.17	53,117

Source: GH

It is difficult to quantify how much the Liverpool market was distorted by speculation during the war, but Table 7.2 provides a basis for discussion. The first column shows the weight of cotton in each year that was sold to *bona fide* trade customers, whether to spinners or for re-export. The second column shows the sales to speculators.⁴⁴ The scale of the reported speculative activity was breathtaking. In 1862, at the peak of the frenzy, these sales were running at 72 per cent of the level of genuine sales; at their peak in late August, they were nearly double genuine sales. However, there is every reason to believe that the actual level of speculation was higher still. As Ellison has described, cotton was logged only when it passed through the hands of a registered broker. If a speculator wished to sell his or her cotton on the open market, the transaction would, in theory, have needed to make this passage. But that would not necessarily happen if one speculator wished to sell directly to another. Nothing compelled such a transaction

⁴⁴ As described in Chapter 1, it was the brokers who decided which sales were speculative and which were not. No information exists on how this decision was made. What about the brokers' own speculative purchases?

Table 7.2

THE ROLE OF SPECULATION IN RAW COTTON SALES, 1858-67 (‘000 lbs)			
	Trade sales (incl. re-exports)	Sales to speculators	Speculative sales as a % of trade sales
1858	1,050,900	129,200	12%
1859	1,150,400	69,000	6%
1860	1,377,800	235,300	17%
1861	1,232,700	551,600	45%
1862	647,800	469,500	72%
1863	736,400	301,000	41%
1864	816,000	249,300	31%
1865	1,016,600	371,400	37%
1866	1,293,800	164,000	13%
1867	1,292,500	175,400	14%

Source: GH

to be conducted by a broker, and there would have been every incentive for the two parties to avoid the fees involved. Furthermore, as will be shown in Chapter 8, there was a large unregulated broking market in Liverpool during the war, which dealt in speculative trading. But even if an LCBA broker was involved, the transaction would not necessarily have been recorded. Ellison’s explanation of how the statistics were compiled begs the question of what would happen if the same broker bought cotton from one speculator and sold it to another within the same week. Many transactions could have been netted off against each other without appearing in the weekly statistics.

A flavour of the times, and of the way in which the same cotton was sold on multiple occasions, is provided by Ellison:⁴⁵

The same parcel of cotton was sold over and over again by the same broker, and occasionally two, or even three, brokerages would be made on the same lot of cotton in the course of the same day... “I am sorry to part with that lot

⁴⁵ Ellison, *Gleanings*, pp. 322-323

of cotton,” a leading broker said to me one day, “because I have already earned fifteen brokerages out of it.”

This was no doubt an extreme example, and may even have been a joke, but it would seem to confirm a widespread practice. The first transaction was always a sale on behalf of an importer, and the last a purchase on behalf of a spinner. But an importer could sell his cotton only once, and a spinner buy it only once, assuming neither was also a speculator. All the transactions in between must have involved speculators. This suggests that the speculative sales recorded in Liverpool during the civil war, and perhaps at other times too, may have been the tip of a very large iceberg.⁴⁶ This in turn raises questions as to the value of the trade in raw cotton. Table 7.1 showed the value of raw cotton imports, which is effectively the same as the value of the raw cotton sold to spinners, whether in Britain or on the continent. But the value of all the raw cotton traded is another matter altogether. Because the true level of speculation will never be known, it is not possible to quantify it. What must be certain, though, is that the value of transactions during the civil war far exceeded the value of imports. It is possible that their value in 1864 reached its highest level, not just until the First World War, but ever. Amongst the biggest losers in this giant casino, in their not unreasonable opinion, were the spinners.

The speculators were doing what all speculators do – betting on price movements in the market or, to give it a more neutral tone, buying and selling futures. To a limited extent, cotton futures had been traded before the war. As Stanley Dumbell has said, the short period of history before the transatlantic telegraph, when cotton was still transported in sailing ships, but steamships were available to bring samples of the shipment and market intelligence in advance of the main cargo’s arrival, created the opportunity for trading to arrive.⁴⁷ The futures market, as it was to become, could not properly exist before the transatlantic cable was put into service in July 1866. Technically, the establishment of the Liverpool futures market dates from the early 1870s; in practice, something very close to it had existed for some time.⁴⁸ Nevertheless, the war period saw the proliferation of

⁴⁶ Ellison acknowledged the difficulty of measuring speculative sales (Ellison, *Gleanings*, pp. 138-139).

⁴⁷ Dumbell, ‘Origin’, pp. 259-267

⁴⁸ Ellison, *Cotton Trade*, pp. 272-287; Hall, ‘Brokers’, p. 123

futures trading on a massive scale, from almost a standing start.⁴⁹ There was no regulation of the activity. Anyone could trade cotton on speculation, even if they had no capital behind them.⁵⁰ The hedging and other mechanisms that would later offer protection to the participants did not exist. This type of futures trading brought endemic instability to the market: it was a form of gambling that conferred no benefit on anyone trying to make a legitimate living from the trade. As Edward Braddyll observed:⁵¹

Oh 'twas indeed a merry time, they kept the game alive;
For if they'd not the stuff on spot, they bought it to arrive!

Speculation in Liverpool escalated after the start of the war, and its nature changed. Initially, it had involved cotton that was already in the town. From there it was a short step to trading cotton that was not in Liverpool, but was, or was about to be, on the water. And from there it proved to be a short step to selling cotton that never would be in Liverpool, and was not even known for certain to exist.⁵² Smith offered a description of the practice:⁵³

Most of the Indian Cotton shipped in the latter half of the year [1863] changed hands repeatedly on the way, and the confidence of Speculators became so strong that ... shipments not due for three months were readily saleable at nearly the prices current on the spot... Many persons ventured on the novel practice of contracting to provide or deliver Cotton at distant dates without having the article in possession... Having once taken root it appears to have established itself as a permanent element of the Trade.

Many of the buyers of this non-existent cotton had no use for it, and were buying it solely for the purpose of selling it again. In the words of broker Jules Bertois, "they are busy selling what they have not got to people who don't want it."⁵⁴

For the spinners, who were the victims of this speculative mania, the main culprits were the cotton brokers. Not only did the brokers sell freely to speculators and encourage the distortion of the market, but they were frequently

⁴⁹ Hall, 'Brokers', p. 138

⁵⁰ Annual CCs for 1863: Ellison & Haywood and Smith, Edwards & Co., LRO, 380 COT/1/11/68

⁵¹ A Lazy-Un, *Lays*, p. 3

⁵² Annual CCs for 1863: Daniel C. Buchanan & Co., Cowie, Smith & Co., W. Arthur Gorst, Edgar Musgrove & Co. and Stead Brothers, LRO, 380 COT/1/11/68

⁵³ Smith, Edwards & Co., annual CC for 1863, LRO, 380 COT/1/11/68

⁵⁴ Quoted in Ellison, *Gleanings*, p. 333

speculators themselves.⁵⁵ Manchester believed that the brokers held the cotton import hostage, allowing it to leave only when its price had been artificially inflated and a ransom of 1 per cent had been paid. Liverpool was little more than a toll booth on the Mersey. Its traders seemed not to understand, let alone share, Manchester's distress. To read the contemporary market reports of the cotton brokers is to enter a parallel universe to the one inhabited in Manchester. 'Good news' and 'bad news' are the reverse of what one would assume.⁵⁶ High prices are good news for Liverpool, but dreadful news for Manchester. The expectation of a prolonged war is also good news for Liverpool, because it means a continued scarcity and continued rising prices. An imminent end to the war is bad news because it presages an end to the supply crisis, with falling prices. Ellison referred to "a peace 'scare' or ... some other ... adverse influence".⁵⁷ At the end of 1863, another broker announced that "the determination shown by both parties [in America] to continue the struggle in face of every difficulty, gave confidence to the Trade."⁵⁸ These statements could only have been made in Liverpool.

The first allegation of the spinners was that brokers frequently acted for both the seller and the buyer in a transaction, trying simultaneously to achieve the highest price for one client and the lowest price for another. "There were," conceded Ellison, "brokers who both bought and sold, but they were an exception to the rule, and comparatively few in number."⁵⁹ As ever, Ellison tried to protect the reputation of his profession and to gloss over its irregularities. In 1841, a spinner had declared that "with few exceptions every broker is at once a buyer and a seller of cotton. He is in the pay of two parties, whose interests and objects are diametrically opposed, and whose interests therefore he cannot equally and simultaneously serve."⁶⁰ An anonymous letter to the *Mercury* claimed that "the brokers will, whenever they can, both buy and sell the same lot, [which] is allowed by the loose morality of the 'flags'."⁶¹ The LCBA admitted to the practice itself.

⁵⁵ *Manchester Examiner & Times*, 21 January 1865: see later for the full text of the spinners' grievances.

⁵⁶ Williams, *Seven Years*, 1864, p. 69; 1865, pp. 12-14; 1866, pp. 13-14

⁵⁷ Ellison, *Gleanings*, p. 323

⁵⁸ Edgar Musgrove, annual CC for 1863, LRO, 380 COT/1/11/68

⁵⁹ Ellison, *Gleanings*, pp. 243-244

⁶⁰ A Cotton Spinner, *The Anomalies of the Cotton Trade: The Liverpool Brokerage System* (Manchester: Simms and Dinham, 1841), pp. 10-11

⁶¹ *Liverpool Mercury*, 1 February 1865

Having investigated a complaint into one of its members, its minutes reported that “the history of the transaction deeply impressed the Committee with a sense of the caution and candour incumbent upon a Broker in dealings in which both buyer and seller are his own clients.”⁶² The practice itself received no criticism. In his extensive research into the Liverpool brokerage system, Hall concluded that “many – if not most – broking firms combined both sides of the business.”⁶³

The second allegation was that brokers were themselves traders and speculators, buying and selling on their own account and ramping prices. It was not a new charge, and the brokers were again guilty. In 1817, John Slack, a broker himself, had deplored the fact that “a great evil exists both in London and Liverpool, by brokers being both merchants and dealers; the duty, and only duty, of a broker is to be a middle-man between the buyer and seller, and not to buy and sell on his own account.”⁶⁴ In 1841, the anonymous spinner had declared that “the fever of speculation is a genial warmth to the seller, and to the broker it is the hey-day of prosperity:– to the unfortunate spinner it is death and destruction.”⁶⁵ Ellison wrote that the broker John Newall “was closely watched by other operators, and the statement that ‘Newall was buying,’ or that ‘Newall was selling,’ had a marked influence on the course of the market,” which must surely suggest he was an active trader.⁶⁶ He also wrote of two other brokers that “Sam Gaskell was at times a large operator in cotton” and that “one would suppose ... that Mr Reede [of J. S. M. Reede & Co.] was a very extensive operator.”⁶⁷

Brokers were not usually well-known figures and attracted neither biographers nor press comment. In addition, speculation was not an activity many would have been inclined to vaunt. However, some information has survived. Even Ellison could not evade the issue, admitting that his mentor, Maurice Williams, had gone heavily into cotton speculation during the civil war, amassing a fortune of over

⁶² LRO, 380 COT/1/2/4

⁶³ Hall, ‘Brokers’, long abstract p. 8, pp. 201-209

⁶⁴ J. Slack, *Remarks on Cotton* (Liverpool: J. Lang, 1817), p. 19

⁶⁵ Cotton Spinner, *Anomalies*, p. 11

⁶⁶ Ellison, *Cotton Trade*, pp. 237-238. In the same section, Ellison described Newall as “one of the most successful brokers of his time.” Milne reported that his brokerage, Newall & Clayton, was the most highly capitalised Liverpool trading firm (Milne, *Trade and Traders*, pp. 126-128).

⁶⁷ Ellison, *Gleanings*, pp. 334, 328

£100,000 (£10 million today).⁶⁸ Samuel Smith was said to have possessed “phenomenal talent as a financier and ingenuity as a speculator”.⁶⁹ By his own account, he stuck scrupulously to broking during the early years of the war, “nor did I take any interest in cotton on my own account till I became a member of a merchant's house, James Finlay & Co., in 1864.”⁷⁰ He remained a broker, however, and this statement suggests that he traded cotton on his own account thereafter.⁷¹ This portrait of an anonymous ‘Methodist broker’ does nothing to dispel the feeling that the dealings of Smith and Williams were far from atypical: “being both a selling and a buying broker, with large capital and extensive connexions, he was a power in the market... Commissions on sales, commissions on purchases, thirds on joint speculative operations, profits on his independent ventures, all swelled the heap.”⁷² Another scurrilous verse sheet named the Littledales as speculators: “L means the great cotton spec house, renowned of yore, where are Harold and Johnny, and two or three more.”⁷³

The broad charges laid by the spinners against the brokers were justified: they had frequent conflicts of interest. Undoubtedly, raw cotton prices in Liverpool during the war would have been substantially lower but for speculation. In early 1864, the Neills had referred to “speculators persist[ing] in the determination to pay £90,000,000 for a supply which ... they could as readily obtain for £60,000,000 or £70,000,000 except for over competition among themselves”, which suggests that the Neills believed that the market was overvalued by about 40 per cent.⁷⁴ Ellison acknowledged that “a better scheme for inflating prices could not be invented.”⁷⁵ Whatever the inflation of price, the brokers were certainly guilty of failing to control their own market in the way that they had largely done before the war. The established Liverpool cotton trade proved unable to maintain discipline during the fever of wartime speculation and unregulated gamblers were rife in the

⁶⁸ Ellison, *Gleanings*, pp. 319-320. Ellison had served his apprenticeship with Maurice Williams (Ellison, *Cotton Trade*, p. 256).

⁶⁹ Orchard, *Liverpool's Legion*, p. 640

⁷⁰ Smith, *My Life-Work*, p. 35

⁷¹ Ellison, *Cotton Trade*, p. 211

⁷² Orchard, *Portraits*, pp. 63-64

⁷³ Anon., *The Liverpool Cotton Brokers' Alphabet* (Liverpool: *Leader* office, 1873), p. 4

⁷⁴ Neill Bros circular of 1 December 1863 (*Glasgow Daily Herald*, 3 December 1863)

⁷⁵ Ellison & Haywood, annual CC for 1863, LRO, 380 COT/1/11/68

market. Ellison conceded that the war had “brought into the cotton market and on to the ‘Flags’ a large number of operators who had no respect for the traditionary customs of the place”.⁷⁶ He looked back fondly on a time “when the word of every merchant and broker ... was his bond; ... and when the perpetration of the contemptible practices now either virtually sanctioned, or passed over without adequate condemnation, would have secured for the guilty a rapid journey to Coventry”.⁷⁷ As usual, Ellison did not describe those ‘contemptible practices’, nor say who had perpetrated them. Another broker said that he did not think “that the American war did the community much good, except that it attracted a great many men to Liverpool, who have remained here ever since.”⁷⁸ William Forwood agreed that “the American war considerably disturbed Liverpool society, and brought to the front many new people.”⁷⁹ These remarks do not suggest that the old people found the new people congenial.

However, the spinners were not innocent bystanders to these events themselves. As early as 1833, a witness to a parliamentary enquiry “mentioned having heard of certain spinners with stocks which would serve them for six months; others with supplies sufficient for twelve months. This he considered not the business of the manufacturer or spinner, but speculation.”⁸⁰ Immediately before the war, some spinners had attempted to bypass Liverpool merchants and brokers, and import directly from America. One broker sniffed that “it is to be hoped that the experience which the [spinners] have had during the past twelve months, in importing cotton direct, will induce them to confine their operations to the Liverpool market.”⁸¹ At the end of 1862, one broker reported: “Spinners have throughout the year, been largely engaged in speculative operations.”⁸² Another stated that “during the whole year Spinners have themselves been amongst the most active of Speculators.”⁸³ Farnie reported that Oldham spinners made large

⁷⁶ Ellison, *Gleanings*, p. 302

⁷⁷ Ellison, *Cotton Trade*, p. 214. See also Dumbell, ‘Origin’, p. 260.

⁷⁸ Hemelryk, *Forty Years*, p. 10

⁷⁹ Forwood, *Recollections*, p. 60

⁸⁰ Buck, *Anglo-American*, p. 65

⁸¹ Francis Hollins, annual CC for 1860, LRO, 380 COT/1/11/64

⁸² Cruttenden & Oulton, annual CC for 1862, LRO, 380 COT/1/11/67

⁸³ Robson & Eskrigge, annual CC for 1862, LRO, 380 COT/1/11/67

wartime profits through speculation.⁸⁴ At the end of 1863, the brokers Daniel C. Buchanan & Co. reported that “another powerful interest was brought to bear against Cotton; certain parties in Manchester bearing the Market to an extent never before known, and selling Cotton, which had no existence whatever (for distant arrival).”⁸⁵ It is not known who these ‘certain parties in Manchester’ were, nor how widespread or concerted their activities, but they appeared to be trying to beat Liverpool at its own game. Later in the war, the Neill brothers, neither brokers nor spinners and with no known interest in the matter, criticised an anonymous Mancunian who had attacked them in *The Times*:⁸⁶

Strenuous efforts have been made by some anonymous writer or writers in pamphlets, circulars, &c., to exaggerate the effect of the large stock, and to give currency to preposterously large estimates of future supplies... We have alluded above to circulars and pamphlets which have been issued, apparently all from the same hand, and freely circulated, with the manifest purpose of depressing the market.⁸⁷

There is no doubt that Mancunians were complicit in the attempt to rig cotton prices during the war. While speculators in Liverpool offered inflated prices for non-existent future cotton, hoping to prompt a further rise in the market, speculators in Manchester offered deflated prices for non-existent future cotton, hoping to prompt a fall. Hemelryk shed further light on the practice:⁸⁸

People sold cotton without having it, believing in a fall of the market, and as they had to declare the ship’s name at a moment’s notice, they simply looked at the shipping list, chose out the biggest ship, and finding out what cotton was being offered by that ship, they risked it, declared the name and marks, and trusted that on arrival of the ship, they would find a seller of this cotton and tender it... I believe a firm in Manchester was the first to discover that it would be sometimes profitable to sell what one has not got, and what eventually might not be wanted.

This was not the only dubious practice on which Hemelryk commented. He related how a cheaper type of cotton was frequently substituted for a more

⁸⁴ Farnie, *English Cotton*, p. 159

⁸⁵ Daniel C. Buchanan & Co., annual CC for 1863, LRO, 380 COT/1/11/68

⁸⁶ *The Times*, 10 December 1864

⁸⁷ Neill Bros circular of 1 February 1865 (*Glasgow Daily Herald*, 4 February 1865)

⁸⁸ Hemelryk, *Forty Years*, pp. 13-14

expensive one in Liverpool, especially when it was to be re-exported: "I do not say that this was right; I simply tell you how it was done." He told the story of a merchant who accepted an order for a certain number of bales, the weight unstipulated, at a fixed price per bale. By the time the cotton arrived, the merchant's buying price had doubled, so he divided each bale in half.⁸⁹ Commenting on the wartime speculation, Hemelryk admitted that "the business was overdone, and there was no regular system... Some even sacrificed their conscience in order to get out of their difficulties." He concluded his reminiscences with the statement: "I know that I can speak with confident pride and satisfaction as to the high character and moral tone of men in my particular line of business."⁹⁰

Even though much of the foregoing is anecdotal, a picture begins to emerge of the dealings in the raw cotton market in Liverpool at all times, but especially during the civil war. According to Smith, "soon after I commenced business there arose the wildest speculation that any living man has seen... Gigantic fortunes were made by speculation. Almost every one plunged into cotton speculation: a single lucky *coup* made a fortune."⁹¹ Not all the speculators were professional gamblers, or even professional cotton men. In fact, they were not all men:⁹²

Speculative operators, including a not unimportant sprinkling of the fair sex, flocked into the market... Every section of society ... was represented... The Church, the law, the medical profession, the Army and Navy, the country gentry, and the local tradesmen were all in evidence; while buying orders came in from Bath, Cheltenham, Leamington, and other centres of retired nabobs.

Ellison's words were echoed in doggerel by Edward Braddyll, who suggested that these amateur speculators were not content to gamble merely on spot cotton, but would dabble in cotton futures and be investors in the Confederate Loan:⁹³

I listened, – it's not my usual way, – and as sure as I'm alive
I heard the smiling Parson say – 'Those Dholleras to arrive!'...
And all next Sunday, in the church, he thought of North and South,

⁸⁹ *Manchester Guardian*, 26 March 1866, confirmed this practice.

⁹⁰ Hemelryk, *Forty Years*, pp. 6-7, 12, 15-16, 28

⁹¹ Smith, *My Life-Work*, p. 34

⁹² Ellison, *Gleanings*, p. 323. The railway mania of the 1840s and 1850s had provided the template: "a wider circle of people ... began to speculate ... on the prospective rise in share prices. 'Ladies and clergymen were tempted by the facility with which shares ... could be bought for a deposit amounting to only a small proportion of their nominal value'" (Deane, *Industrial Revolution*, p. 160).

⁹³ A Lazy-Un, *Lays*, pp. 8-9

And when he had to pray for peace the words stuck in his mouth...
 On every stair, I do declare, a jolly old lady pants;
 And at many a door is half a score of wealthy maiden aunts!
 That lady there, so neatly dressed, to em-bon-point inclined, –
 Let us follow her in, she has lots of tin, and hear a bit of her mind.
 Having seated herself by the Broker, at the subject she went with a dash, –
 ‘I have come for a fresh spec in Cotton, I’m expecting a little spare cash.
 ‘I shall want an advance for a time, – well, perhaps, I may candidly own,
 ‘Besides specs in Cotton that I’m – rather deep – in Confederate Loan!’

Yet the fact is, as Mary Ellison claimed, that some brokers were indeed ruined by the war, as Chapter 8 will show. To some extent, but not entirely, this was due to the failure of their speculative ventures. As a generalisation, an informed speculator would have found it difficult not to make money by betting on a continued rise in prices through to the end of 1863. “It needed not a little self-denial to abstain from what seemed so easy a way to fortune,” reflected Smith.⁹⁴ In vain did one or two brokers urge restraint. Francis Hollins summarised 1862 as “a year that has enabled the rash or the reckless without means to amass large fortunes, whilst many of the prudent and the wise, with means, have looked on, and still look on, with fear and trembling for the future”.⁹⁵ At the same time, Edgar Musgrove could not “but express a feeling that the utmost caution should be used in trading in the article, and so avoid, as much as possible, the troubles that must sooner or later fall upon the Trade, by a return to the natural level of prices when this most unfortunate War is brought to a close”.⁹⁶

It is, however, necessary to stand back and ask exactly what is meant by ‘speculation’. Even the *Porcupine*, never slow to reveal the worst of Liverpool’s excesses, wrote that “we should be sorry to convey the impression that the Cotton market is nothing else but a medium for speculation.”⁹⁷ Machin considered the position of the importing merchants: “ostensibly they were not speculating, and would have been highly indignant if their activities had been so described. They only conducted their normal and highly essential legitimate business of importing and

⁹⁴ Smith, *My Life-Work*, p. 35

⁹⁵ Francis Hollins, annual CC for 1862, LRO, 380 COT/1/11/67

⁹⁶ Edgar Musgrove, annual CC for 1862, LRO, 380 COT/1/11/67

⁹⁷ *Porcupine*, 21 May 1870

merchanting cotton. Nevertheless, they were forced to speculate on every bale of cotton they brought into the country, as there was, of course, no cover against price fluctuation and so, because of the phenomenal rise in prices, many fabulous fortunes were made.”⁹⁸ It would be similarly harsh to condemn either merchants for withholding stocks in the hope of a rise after prices had fallen or spinners for buying advance stocks in quantity when they feared a rise. The reality was that everyone who bought and sold raw cotton, unless they were on a fixed commission, like the brokers, or already knew the selling price when they agreed the buying price – and there were not many of those during the war – was, in one sense, speculating. It was unavoidable.

“But all commerce is speculation,” wrote John Lalor in 1852. “Where is the line to be drawn? ... Amongst the manufacturing districts of England, the tendency to gambling speculation is probably more constantly ready to start into life than elsewhere, and when in movement to go greater lengths.”⁹⁹ Geoffrey Searle has suggested that the Limited Liability Act of 1855 further fuelled a change in the moral climate of commerce: “the facilities for speculation named and unashamed enormously increased... Investors ... ceased to be entrepreneurs of the old kind, but more closely resembled a social group to which severe moral opprobrium still attached, *gamblers*.”¹⁰⁰ The problem, as both Lalor and Searle acknowledged, is that it was difficult to say where commerce ended and gambling began. The Liverpool cotton market never did resolve that conundrum.

Nor did it help that cotton trading during the civil war, and not only in Britain, represented the first occasion that the futures of a commodity had been traded in volume. It was unknown territory, and the checks and balances that would later make futures trading tolerable, and eventually an essential component of all commodity trading, had yet to be considered, let alone put in place. As late as 1905, by which time the most egregious faults of the practice had long been removed, a firm of cotton brokers felt the need to assure its clients that futures trading was a respectable activity and that “it has been repeatedly decided in law that the Liverpool Cotton Contract is a genuine trade contract, and not a gambling or

⁹⁸ Machin, ‘History, Part I’, p. 290

⁹⁹ J. Lalor, *Money and Morals: A Book for the Times* (London: John Chapman, 1852), pp. 83, 86

¹⁰⁰ Searle, *Morality*, pp. 6, 81

speculative medium.”¹⁰¹ No one could say the same of the LCBA’s contract during the war. An anonymous cotton broker sent a copy of it to *The Times*, together with this commentary:¹⁰²

By this contract an absolute sale is made, but provision for payment is totally deferred until the arrival of the cotton... The buyer has to find neither cash nor deposit, ... loses no interest, and has time to choose when to sell – in fact, everything is in his favour... Now for a sanguine speculator what better terms could be invented. Whether he is worth £50 or £50,000, if he can only make a purchase ‘to arrive’ he may, without one sixpence outlay, realise a handsome profit on a quantity of cotton for which he could not have provided had he purchased it on the spot.

Ellison commented that “so long as prices continue to advance, all is smooth enough, but with a contrary movement of any importance there would be a general financial upturning, in which the strong and the weak, the legitimate trader, and the reckless speculator, would come down together.”¹⁰³ It was this system, and principally the speculation in cotton to arrive, that enticed reckless gamblers to the Liverpool market, suffusing it with false trade throughout the war. When the market turned sour after 1864, the innocent were ruined along with the guilty. And all of it was enabled by the LCBA, perhaps unwittingly to start with, but not thereafter, because it enriched the brokers nearly as much as the speculators. This, more than anything, is the bomb beneath the world of innocence that Ellison would have us believe.

Liverpool had not been entirely trusted before the war by the wider business community, which struggled to observe any firm evidence of principle. “[*The Times*] complained that the financial health of firms was surrounded by ... secrecy... The port’s traders repelled questions about financial affairs ‘with a zeal which shows a greater sensitiveness for the reckless speculator than for the legitimate trader’.”¹⁰⁴ Not surprisingly, these accusations mounted during the war until the Exchange correspondent of the *Mercury* felt compelled to respond:¹⁰⁵

¹⁰¹ Weld & Co., *Cotton Futures: Their Use and Method of Working* (Liverpool: self-published, 1905), p. 7

¹⁰² *The Times*, 12 November 1863

¹⁰³ Ellison & Haywood, annual CC for 1863, LRO, 380 COT/1/11/68

¹⁰⁴ Milne, *Trade and Traders*, p. 4, quoting *The Times*, 24 August 1857

¹⁰⁵ *Liverpool Mercury*, 21 December 1863

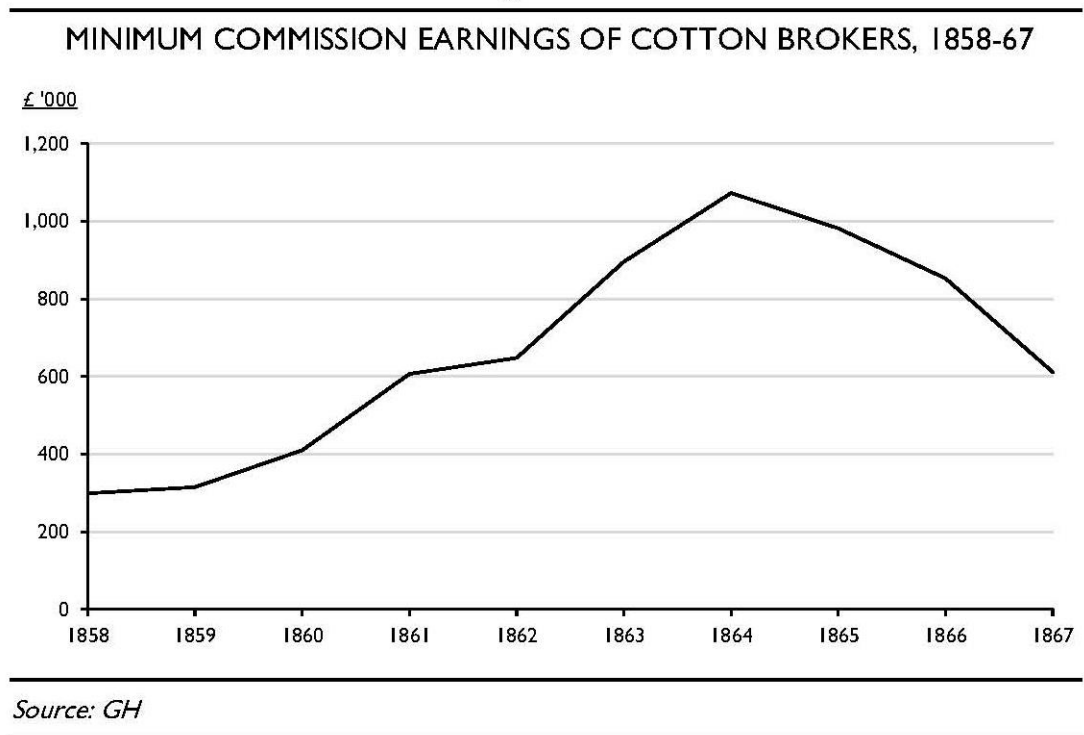
The attempt ... to make out that downright undisguised 'gambling' is rampant on our Exchange flags, will ... be regarded with the contempt it merits by the mercantile community of Liverpool. It is a libel on the character of our merchants and brokers alike, and a mendacious charge against the mode in which they conduct their business. It has long been the fashion in commercial circles in the metropolis to indulge in disparaging remarks respecting the condition of commercial morality in Liverpool. Every opportunity is seized to declare that Liverpool is the hotbed of speculation, and ... Liverpool is made a scapegoat for the sins of others. The epithet 'gambling', however, has not until now been applied to us.

The columnist then somewhat spoils his case. "Admitting, for the sake of argument," he goes on, "that the alleged evil does exist, ... does this London 'Merchant' mean to maintain that there is a dangerously numerous body of mere worthless speculators infesting the Liverpool cotton market to whom respectable brokers sell their principals' cotton, and yet that these unprincipled speculators are ... well known to the brokers?" The evidence suggests that this was precisely the state of affairs.

The volume of speculation causes another chunk of masonry to fall from Ellison's pristine edifice: the theoretical fact that brokers took a 1 per cent commission on cotton sales. If, to take what might now seem a modest example, a broker bought and sold the same parcel of cotton three times, he would be taking a commission of about 3 per cent of the eventual selling price. With the inflated price, he could have been earning up to twelve times the amount of commission on the same weight of cotton as he had before the war. The commission income of brokers on reported sales is shown in Figure 7.2. At a minimum, their earnings from this source would have trebled in the peak year, and in practice the multiplier must have been greater still. These earnings are based solely on reported sales. They ignore the unrecorded speculative sales, which may reasonably be thought to have been huge. Were it to be claimed that the level of brokers' commissions was in fact double what is shown here, or more, it would take a brave historian to gainsay it. Even at the level of earnings it portrays, this graph is a full and sufficient illustration of how Manchester's disaster was a bonanza for the brokers of Liverpool.

When surveying this whirlwind of speculative activity, of fabulous fortunes won and lost, of the integral role played by the cotton brokers, of the enormous

Figure 7.2

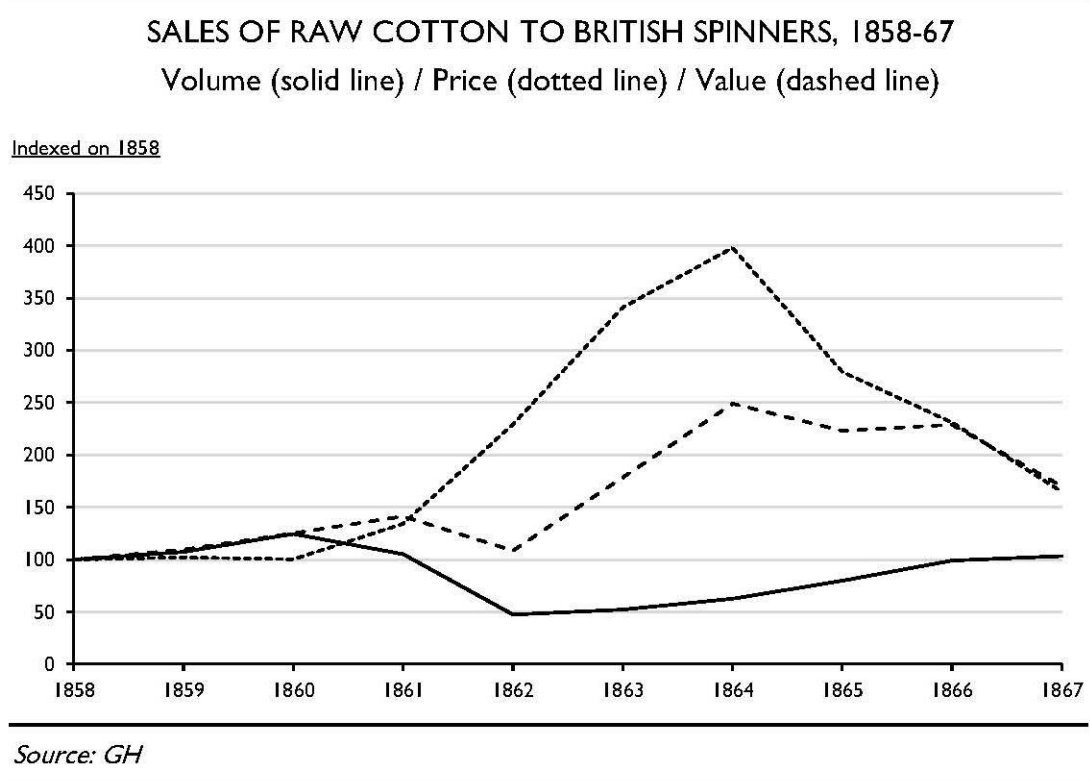


personal rewards some of them gained as a result, it is easy to forget that the country's greatest industry was still in crisis. By 1864, the worst of the cotton famine might be over, and the spinners and weavers that remained in business might have found a viable way of coping with the altered landscape, but the manufacturing industry remained a shadow of its pre-war self. If one now brings together the volume information from Chapter 4 and the price information from this chapter, the overall effect of the civil war on the British raw cotton trade can be seen more clearly. Figure 7.3 ignores sales for re-export and to speculators, and reflects sales to British spinners only. It is indexed on 1858 to place the disruption of the war years in context. It shows, in broad terms, that the volume of sales halved while their value doubled. This was the result of the explosion in prices, fuelled by speculation. It is no wonder that the impecunious spinners should have felt aggrieved, as Braddyll again confirmed:¹⁰⁶

At last, however, the cotton was bought, but the flames of wrath were kindled,
And a Spinner was rare who hadn't thought he was being robbed or swindled!
The Buying Brokers were very polite, and their Clients they did assuage;
They stood them drinks – it was not quite right, but the Spinners were blue
with rage!

¹⁰⁶ A Lazy-Un, *Lays*, p. 6

Figure 7.3



Not at all, said Ellison: the spinners were perfectly content with the “happy-family condition of things”.¹⁰⁷ It must have slipped his mind that, by 1864, a large group of spinners no longer considered themselves part of this happy family. They formed the Spinners’ Association, with Hugh Mason as President and Maurice Fitzgerald as Secretary. It must be said that, if you wanted a leader to carry the fight to the enemy with all guns blazing, Hugh Mason was your man. Fresh from his demands for the impeachment of the Secretary of State for India and the dismissal of the Prime Minister, described in Chapter 2, Mason turned his firepower on the brokers. The first annual meeting of the Spinners’ Association took place at the Clarence Hotel, Manchester, on 19 July 1864. Mason started by regretting the small attendance. “The brokers of Liverpool,” said Mason, “taught them a lesson, and they (the Lancashire spinners) would be dunces if they did not profit by it, and take a leaf out of their book. The Liverpool brokers were a small body, but united. The consumers were a numerous body, but disunited... He could not see why the

¹⁰⁷ Ellison, *Gleanings*, pp. 243-244

gentlemen of Liverpool should fatten upon the distress of the cotton spinners of Manchester.”¹⁰⁸

There were 283 members of the Cotton Spinners’ Association. Numerically, according to one contemporary source, this represented one quarter of all spinners.¹⁰⁹ Whether their authority was proportionately greater or less than their numbers is hard to assess. There were a number of influential names on the committee, such as Armitage, G. L. Ashworth, Eckersley, Jackson, Jones, Mayall, Morris, Smethurst, Platt, Thomasson and Whitehead. However, some stalwarts from the CSA, such as Henry and Edmund Ashworth, Thomas Bazley and William Houldsworth, were absent from the list, although they might still have been members. The readiness with which historical references to almost all the committee can be found suggests that the Association was a body of some substance and rather more than the personal hobby horse of Hugh Mason.¹¹⁰ The fact that the LCBA felt obliged to engage with the Association, despite its initial refusal to recognise it, also suggests that it carried some weight within the trade, enough to inconvenience Liverpool.

The first annual meeting was the opening salvo in a war that continued furiously if intermittently for more than three years. The emotional nuances of the communications between the two groups are arguably as significant as the issues themselves. In the passages below, all quotations and statements, unless separately referenced, can be found in the minute books of the LCBA.¹¹¹ On 28 October 1864, the Spinners’ Association escalated the conflict and wrote directly to the brokers. Its letter consisted of three resolutions, concerning the process of arbitrating disputes, the tare allowance, and the time limit for the return of sub-standard cotton. It is significant that, while the Association mounted furious public assaults on

¹⁰⁸ *Manchester Courier*, 20 July 1864

¹⁰⁹ “The meeting was not numerously attended... Out of 1,190 persons or firms in the trade, only 283 had joined the Association” (*Manchester Examiner & Times*, 20 July 1864). A list of the committee was included in the cutting in the LCBA minute book.

¹¹⁰ For example, see Howe, *Cotton Masters*, index; Howe & Morgan (eds.), *Cobden*, Vol. IV, p. 512, n.5; A. Howe (ed.), *The Letters of Richard Cobden*, Vol. II (Oxford University Press, 2010), p. 477, n. 1; ‘Mayall, John (1803-1876)’ in *ODNB* <<http://www.oxforddnb.com/view/article/37750>> [accessed 17 October 2018]; A. Howe, ‘Thomasson, Thomas (1808–1876)’, in *ODNB* <<http://www.oxforddnb.com/view/article/27252>> [accessed 17 October 2018]. See also Henderson, *Famine*, pp. 27-33.

¹¹¹ LRO, 380 COT/1/2/2-3-4

the integrity of the brokers and the evils of the commission system, its specific proposals were usually concerned with more mundane issues. This suggests that, whatever the bluster, it knew it would not make headway on issues of substance. The brokers replied on 11 October, refusing to recognise the Spinners' Association and stating that as the LCBA "has hitherto communicated with the Manchester Chamber of Commerce, as the recognised organ of the Trade in this District, should further correspondence be thought desirable, it had perhaps better come through that channel." However, the LCBA could not resist defending the arbitration system, by which the selling and buying brokers in a disputed transaction each appointed a proxy broker to resolve the matter, keeping the process firmly within the family. "A Cotton Broker," it declared, "is best qualified from his knowledge of the Custom of the Trade to give a satisfactory decision, and it is generally regarded by Buyer and Seller equally, as most likely to be partial [*sic*: a revealing slip of the pen] and disinterested."

On 18 November, the spinners responded. They regretted that "the reply of the LCBA ... should have been so very unsatisfactory", and wanted to know if the Association intended to communicate with them. They received the answer to this question by default. The LCBA did not reply. On 15 December, Fitzgerald wrote again: "as you have not honoured me with either a reply to or acknowledgment of having received my letter of the 18th ultimo ... I am now to request you to inform me if I may expect any answer to the communication referred to." This time, Studley Martin, secretary of the LCBA, did reply. Briefly. He referred the spinners to the LCBA's previous reply. On 21 January 1865, the spinners went public. They placed an advertisement in several Manchester newspapers. One of them was cut out and pasted in the LCBA's minute book.¹¹² It included this onslaught on the brokers:

It is plain that the Liverpool brokers, employed by the spinners, decline to hold communication with the committee... The position ... now assumed by the associated brokers would show that ... they are diametrically opposed to the spinning interest; and it becomes a question whether it would not be better for the trade to employ brokers unconnected with the association, and who would pledge themselves to act strictly for the buyers' interest.

¹¹² The hand-written note says that the cutting was taken from *The Manchester Examiner & Times*. The BNA lists the archive under the title *Manchester Times*. The online paper for that date does not include the advertisement. A search for the original paper in Manchester Central Library also failed to discover the advertisement.

There can be no doubt but that very many of the associated brokers act for the advantage for both sellers as well as purchasers of cotton, and at the same time are speculators on their own account, thereby fostering high prices of cotton, and at the same time encouraging gambling and speculative operations, which, for the last two years, has kept cotton at a price totally inconsistent with that which would have ruled, had the Liverpool market been governed simply by supply and demand.¹¹³

The question of commission paid for brokerage is also one that deserves serious attention... On the same [amount] of cotton purchased this year the broker's commission would be ... exactly five times as much as formerly, for doing precisely the same work; and so increased at a time too when spinners are least able to bear fresh imposts.

It would be well for the spinners to consider whether ... it would not be possible to adopt a mode of remuneration that would do away with the broker being so deeply interested in the maintenance of high prices.

The spinners demanded that brokerage fees be calculated on the volume of raw cotton, not its value.

At an LCBA meeting on 27 January 1865, a response to this broadside was debated and agreed. The brokers claimed to have known nothing of the Spinners' Association, apart from its title and the name of the Secretary. It "begs most distinctly to disclaim any intentional discourtesy on its part" and "cheerfully recognises the great respectability of the names forming the Committee". It goes on to maintain that the LCBA did not exist to protect the interests of Cotton Brokers, but wholly for the purpose of gathering statistics for the benefit of the trade, and for "protecting and fostering with perfect impartiality the interests of buyer and seller... It would be surely better not to inaugurate ... discussions under a mistaken feeling of hostility, or in retaliation for a fancied discourtesy which we again assure you has no foundation in fact."

Between this letter on 27 January and 10 March 1865, only one 'weekly' meeting of the LCBA was minuted. By 17 March, a meeting had taken place between representatives of the two associations. On that date, Edgar Musgrove, the current LCBA President, wrote a long and waffling letter to Mason, who would be pleased to know that "nothing exists in the rules of the CBA, to interfere with the

¹¹³ This grievance mirrored that of American planters: "many cotton Factors are also cotton Speculators, having an interest directly opposed to the interests of the planters" (Phalen, *Consequences*, p. 98, quoting an 1858 issue of *Farmer & Planter*).

Buyers rights to appoint any arbitrator whom he may prefer.” This was hardly surprising, since the LCBA barely had any rules at the time. Also, “it is not within the power of the CBA to organise a change [to the commission system] of the kind suggested.” Musgrove ignored the overriding issue – massive conflicts of interest – altogether.

The issue then appears to have lain dormant for a while, but it was reignited in early 1867. Mason wrote again to the LCBA on 14 March. Again, he published his letter in a newspaper, and again it was cut out and pasted in the LCBA minute book, the source and date unmentioned. The spinners’ grievances now focused on the mis-reporting of cotton stocks and on the fact that the LCBA officially recorded speculative sales: “speculation is not legitimate trade; you[r] circular should not notice what is unsound and injurious.” Mason’s letter concluded with the words: “we are not disposed longer to submit to have our claims disregarded by our brokers... We are ... addressing an association comprising agents for cotton sellers as well as agents for cotton buyers, and also persons who act in the double capacity of attempting to serve both buyer and seller. We confess the difficulty of our position in this respect.” When the letter was read to a meeting of the LCBA the following day, James Macrae, President in 1860, proposed that discussion be postponed “for some of us to cool down”. Mason never lost the ability to get under the skin of his enemies. When his letter was debated on 22 March, one member grumbled that “no good would come from any correspondence. Mr Mason’s letter ought not to have been sent – there is self respect due to ourselves.” The LCBA’s reply was sent on 27 March. “Without entering upon any argument as to the legitimacy of speculation,” it said, “it is proper for us to say that it is a mode of investment to which spinners frequently resort.”

In December 1867, *The Times* quoted from a pamphlet which may have been written, or at least inspired, by Mason.¹¹⁴ The LCBA’s response the following day complained of “words ... which convey the imputation that it is the interest of a section of the Cotton Brokers’ association at Liverpool to make the buying and selling of cotton both a monopoly and a mystery”. Perish the thought.

¹¹⁴ *The Times*, 12 December 1867

It is impossible to refute a single major accusation the spinners made in this dispute. They were all demonstrably true. And yet they did not win the argument. But, as Mason pointed out, the spinners employed and paid the buying brokers. They were the clients. It is hard to think of another line of business where the service providers are more powerful than their clients, or feel so safe in patronising them. Some of the statements made by the brokers must have been untrue, and in particular the claim that it was not within the power of the LCBA to effect a change to the commission system. It must have been within their power. If the Liverpool brokers had felt a responsibility for the wider interests of the cotton trade, they would have made the change themselves. However, fault lay with the spinners as well. The story of the Spinners' Association has parallels with the CSA: a worthy cause enjoying lukewarm support from the manufacturers. In a speech in October 1866, reported in the Manchester press but not in Liverpool, Mason rounded on his own side: "he was sorry to say that after issuing 500 circulars for a meeting of the Spinners' Association, only three men could be got to attend. Therefore they had only themselves to blame for their grievances."¹¹⁵ Yet the financial clout of Manchester should have exceeded that of Liverpool. It appears that it did not, and that most spinners regarded an attempt to take on Liverpool as a futile contest.

The conclusion must be that those who traded raw cotton had no empathy with those who manufactured it. Raw cotton was controlled by the Liverpool brokers, especially the selling brokers, to a degree that the theoretical structure of the trade would not suggest. Most brokers had no interest in what happened to the cotton once it left Liverpool, or in its price. They were not concerned with "protecting and fostering with perfect impartiality the interests of buyer and seller". They were concerned solely with protecting and fostering their own interests.

¹¹⁵ *Manchester Examiner & Times*, 25 October 1866

8

THE BROKERS AND THE BROKEN

The nearest truth about Liverpool's cotton brokers

This chapter puts more flesh on the framework suggested by Chapter 7 and uses oblique data from primary sources to assess the influence of the cotton brokers at the time of the civil war. Their role during the war can be brought into focus by considering what happened to the Liverpool cotton market after the war. The first major event was the successful completion of the transatlantic cable in 1866, which enabled almost instant communication of market information, and especially prices, between America and Liverpool. In Ellison's passive words:¹

The change suggested to some members of the CBA the feasibility of doing business direct with America, without the intervention of a merchant; of being themselves importers, instead of selling for importers. In time an extensive business sprang up in this way, and, of course, whatever consignments went to brokers direct were lost to the merchants who had previously received them. The broker, instead of being the servant of the merchant, became his competitor.

Ten years later, a clearing house was established in Liverpool through which all futures trading had to be conducted and to which access was a monopoly privilege of LCBA members. This change, enforced by the LCBA, had the effect of handicapping the importing merchant by 1 per cent *vis à vis* the selling broker, with the result that direct trade between America and the selling brokers increased still further. Importers then applied to join the LCBA, but were rebuffed, as were their attempts to have the cost penalty removed. Meanwhile, some buying brokers had already approached the importers to buy directly from them, which the latter agreed to do with apparent reluctance. The upshot was that, in 1881, the importers set up a rival organisation, the Cotton Exchange, through which cotton could be sold and bought only by brokers who were not members of the LCBA. Eventually,

¹ Ellison, *Cotton Trade*, p. 275

the two organisations buried the hatchet and, in 1882, merged into the Cotton Association, ending the brokers' monopoly.²

Although the cable and the clearing house gave the impetus to these changes, it seems unlikely that the relative underlying strengths of the factions, or the tensions between them, developed from nothing in little more than a decade from the end of the civil war. Two things are evident from the subsequent chain of events. First, until they over-reached themselves, the selling brokers were the real power in the market: more powerful than the importers, able to bully them at will, and also able to dominate the buying brokers. Second, although the line between selling and buying brokers might have been blurred, there *was* a line, and ultimately the LCBA split partially along it. The information contained in this chapter and in Chapter 7 suggests that there was a continuum of change from the late eighteenth century until 1882. One source has said that, as early as 1800, "the importer was receiving financial assistance from the broker ... on a scale and with a purpose which suggests that its provision was much more than an ancillary function. The increasing profitability of the broker's practice ... provides a realistic explanation of why the broker became the central figure in the market."³ Over time, the selling brokers progressively came to dominate the importers, until they metamorphosed into importers themselves, while bending the buying brokers into serving them rather than their spinner clients. The four key events in this process were the formation of the LCBA, the American Civil War, the laying of the transatlantic cable and the formal establishment of futures trading. In the end, the system fell apart because the selling brokers became too greedy, and because the size and complexity of the trade made it increasingly impossible for a small group of middlemen to maintain absolute control.

With this in mind, one can return to what happened during the civil war, and to the theoretical model offered by Ellison as to how the raw cotton trade in Liverpool operated. He described two sets of brokers, members of the LCBA, acting exclusively as intermediaries, one set solely representing the importers, the other solely representing the spinners. Ellison claimed that, until after the civil war,

² Ellison, *Cotton Trade*, pp. 275-280; Hall, 'Governance', pp. 103-105

³ F. Hyde, B. Parkinson & S. Marriner, 'The Cotton Broker and the Rise of the Liverpool Cotton Market', *Economic History Review*, 08.1 (1955), pp. 77

the model functioned as it was intended to do, admitting only that “for several years before that event [the laying of the cable in 1866] there had been, here and there, indications of a falling away from the old lines of procedure.”⁴ It should already be clear that there was rather more than ‘a falling away’ and that it did not happen only ‘here and there’.

The difficulty lies in proving the allegations. No business records of cotton brokers, during the period or close to it, appear to have survived. There are no primary sources that shed light on the commercial activities of Liverpool brokers. There is no published work that describes in detail how the Liverpool raw cotton trade was financed at this time, or who owned the consignments of cotton that arrived at the port, or how subsequent transactions were effected and by whom. Among secondary sources, only Nigel Hall has added to the slim body of published knowledge.⁵ What exists is the theoretical model described by Ellison, together with a great deal of anecdotal evidence, much of it presented in Chapter 7, which contradicts it. There are, however, published sources, not previously evaluated, that shed substantial if indirect light on the matter. They come principally in the form of published lists of cotton brokers and, in particular, the B Lists of the Bills of Entry for the Port of Liverpool. These sources, combined with the anecdotal information, while they may not prove much definitively, enable reasonable inferences to be drawn. The concluding section of this chapter, which looks at those who were broken by the civil war, draws primarily on newspaper evidence.

However much is open to conjecture, what cannot be disputed, and needs no documentary evidence, is that the importing merchant, the selling broker and the buying broker had similar interests when it came to the price of cotton. The merchant naturally wanted the highest possible price. Both sets of brokers, each on a fixed commission based on the value of the consignment, wanted it just as much. The buying brokers are unlikely to have been so venal as to have deliberately paid over the odds for their cotton. No doubt they bought at the best price obtainable in the market. However, it still suited them if prices were generally high. In that critical respect, Mason was correct in saying that the brokers who bought on behalf

⁴ Ellison, *Cotton Trade*, pp. 272-273

⁵ Hall, ‘Business Interests’, pp. 339-355; Hall, ‘Emergence’, pp. 65-81; Hall, ‘Brokers’; Hall, ‘Civil War’, pp. 149-169; Hall, ‘Governance’, pp. 98-115

of spinners could not have had their clients' interests entirely at heart, even when they were not selling on behalf of importers at the same time. Despite this self-evident fact, Ellison felt able to claim that the system "secured to the buyer a servant [the buying broker] whose interests were identical with the interests of the consumer [the spinner], and whose whole conduct was ... instinctively directed towards securing the welfare of the spinner".⁶

The scale of cotton imports, and variable harvests in America, meant that no one individual, or even a group of individuals, could absolutely control the price of cotton – although, after the civil war, this was notoriously attempted by Morris Ranger.⁷ An abundance of cotton in Liverpool led to a low range of prices; a scarcity led to a high range. However, within the range of prices obtaining at any moment, there were opportunities for holders of cotton to maximise the price, principally by manipulating the release of stocks on to the market. The period of credit extended by banks to the holders of raw cotton, normally 90 days, was considerably longer than the number of weeks' stock of raw material kept by most spinners. Holders could therefore afford to hold their nerve longer than buyers. Ellison referred to "many holders having withdrawn their stocks" as if it was a regular occurrence, a statement repeated in many brokers' circulars over the period.⁸ In 1837, when Brown, Shipley & Co. were major importers of cotton, they stockpiled an entire year's worth of cotton purchases until prices rose in Liverpool.⁹ The evidence that this practice was prevalent at the time of the civil war is provided in the LCBA's letter to Mason of 27 March 1867:¹⁰

It is ... the practice of most merchants to place their stocks in brokers' hands ... on arrival in the port, whether they be intended for immediate sale or to be held indefinitely for a market. But individual importers adopt a different method, and do not thus appropriate their parcels of cotton until the time arrives, which is often delayed for months, when they are to be sold.

⁶ Ellison, *Cotton Trade*, pp. 272-273

⁷ G. Milne, 'Reputation, Information and Ethics' (unpublished working paper, Mercantile Liverpool Project, University of Liverpool, p. 31). Milne relates how easily people in Liverpool seemed to forgive Ranger. The Manchester Chamber of Commerce considered this attitude 'incredible' and "condemned the 'gambling in cotton' that seemed characteristic of the city's market".

⁸ Ellison & Haywood, annual CC for 1866, LRO, 380 COT/1/11/71

⁹ E. Perkins, *Financing Anglo-American Trade: The House of Brown 1800-1880* (Cambridge, Mass.: Harvard University Press, 1975), p. 101

¹⁰ LRO, 380 COT/1/2/4

There was probably no formal cartel to keep prices high, but there did not need to be when all parties in Liverpool had the same interest. An informal cartel, or at any rate a great deal of collusion, must have been commonplace. The buying brokers must have been complicit in the practice. Besides their mutual interest in high prices, they depended on the selling brokers: the latter held the cotton they needed to buy. Complaints about their colleagues would have been inadvisable. Thus, whatever they may have said in private to their spinning clients, there is no public evidence of a direct complaint by buying brokers about the practices of the selling brokers. However, Mason's letter to the LCBA of 14 March 1867 included the words: "we are assured that an influential section of your association is as much dissatisfied as ourselves with the anomalous position you have assumed."¹¹ This comment referred to the dispute over the reporting of stocks and speculative sales, but it may have extended to other issues as well, and certainly suggests that some brokers privately expressed dissatisfaction with the LCBA to the spinners.

It is time to consider in more detail the Liverpool cotton brokers, this tightly knit group who exercised exceptional influence over Britain's raw cotton trade. Anecdotal evidence suggests a dandyish group of men, eager to flaunt their wealth, self-certified members of Liverpool's elite. Mason referred, somewhat contemptuously, to "the gentlemen of Liverpool".¹² Farnie, a Mancunian, observed that "the mere spinning and weaving of cotton was an occupation perhaps too commonplace for the attention of the gentlemen of Liverpool."¹³ Queen Victoria apparently said "she had never before seen together so large a number of well-dressed gentlemen."¹⁴ The anecdotes may also suggest a specialised and self-contained group, slightly aloof from the rest of the port's commercial life. When the Liverpool Chamber of Commerce was refounded in 1850, with the deliberate intent of unifying all commercial interests in the port, the LCBA did not affiliate itself to the organisation.¹⁵ But, while this aloofness may have existed in attitude, it did not

¹¹ LRO, 380 COT/1/2/3

¹² *Manchester Courier*, 20 July 1864

¹³ Farnie, *English Cotton*, p. 77

¹⁴ Ellison, *Gleanings*, p. 302

¹⁵ Hall, 'Brokers', p. 255; Bennett, *Local Business*, pp. 17, 307, 830. In keeping with the general practice of Liverpool detachment, the Liverpool Chamber joined the Associated Chambers of Commerce in 1860, withdrew in 1861, and did not rejoin until 1899.

exist in practice. The brokers were intimately connected with every aspect of the port's commerce. Liverpool Exchange, where cotton was traded, was where all other commodities were traded also. An 1846 list has survived of those entitled to vote for the committee of the Liverpool Docks.¹⁶ Of the 110 names appearing on the LCBA membership list of 1841, 100 were among the electors. It is clear from the exceptions that eligibility to vote in these elections was not an automatic right of LCBA membership, so many of the electors must nominally have been buying brokers, with no obvious connection to the docks. Altogether it makes more sense to regard brokers as merchants who happened to deal mostly in cotton, rather than as some rarefied species. It is, however, reasonable to regard them as an elite. Many lived in the historic centre of Liverpool, close to their offices near the Exchange, but many others had substantial properties on the fringes of Liverpool or on the Wirral.¹⁷

Four membership lists survive for the LCBA. The first and fourth are reprinted in Ellison's history: the list of founding members in 1841, and the final list prior to the LCBA's transformation into the Cotton Association in 1882.¹⁸ The third list is for 1879. The second, fortuitously, is for May 1864. It is pasted into the minute book of the LCBA and is especially valuable because, unlike Ellison's lists, it gives the membership in the precise form in which the LCBA recorded it. The 1864 list was printed, but has a number of hand-written amendments and additions that were "added since May 1864" which, for the purpose of this analysis, have been ignored.¹⁹ In addition to these lists, there are the entries in *Gore's Directory for Liverpool*. These guides appeared annually, sometimes biennially, and provided lists of professions such as cotton brokers. A directory for 1864 exists, so it is possible to compare the *Gore's* list of brokers directly with the LCBA membership list.²⁰ In addition to these lists, there is Ellison's account, running to 85 pages, of the origins

¹⁶ *A List of Merchants & Shipowners Entitled to Vote for Members of the Committee of the Liverpool Docks, 1st July 1846* (Liverpool: J. Mawdsley, 1846)

¹⁷ For example: Hardman Earle (Allerton Tower), Nicholas Duckworth (Elmswood House, Mossley Hill), John Stock (Knolle Park, Woolton), John Campbell (Toxteth Park), Jaques Myers (Huyton Park), Francis Hollins (Fulwood Park, Aigburth), Thomas Haigh (Elm Hall), Thomas Littledale (Highfield House) and William Wild (Claughton Park) (source: <<https://www.ancestry.co.uk/>> [accessed 29 July 2018]).

¹⁸ Ellison, *Cotton Trade*, pp. 182, 352-355

¹⁹ LRO, 380 COT/1/2/2

²⁰ *Gore's Directory for Liverpool and its Environs, 1864*

and lineage of almost every cotton-broking firm in Liverpool, a comprehensive ‘who begat who’ of the fraternity.²¹ Putting this information together with the LCBA list, it is possible – with near, although not complete, accuracy – to list, for 1864, every individual who was either a sole trader who belonged to the LCBA, or a partner in a cotton brokerage that was a member of the LCBA.

The first fact to emerge from Ellison’s narrative is that the LCBA was the most firmly locked of all closed shops: an archetypal self-perpetuating oligarchy.²² Almost all brokerages had their roots in the early days of Liverpool’s cotton trade in the late eighteenth and early nineteenth centuries. Few of the brokerages operating at the time of the civil war did not have links to this past. Most, sometimes in a different incarnation, had been founder members of the LCBA. It has been written that “of the first twenty presidents of the [L]CBA, half can be traced in their lineage to firms founded in the period of dependence on West Indian cotton sixty years before,” and were thus connected to Britain’s slave trade.²³ Of the 110 separate surnames on the LCBA membership list of 1841, no fewer than 81 appear in the records of compensation paid to former British slave-owners. In some cases, especially with common surnames, this will be a coincidence, but the correlation is still marked.²⁴ There were two main routes to becoming a broker in one’s own right: to have been apprenticed to an existing broker, or to have been employed, frequently as a family member, and then taken into partnership, by an existing broker.²⁵ All new applicants had to be vetted by the existing members. The LCBA was a highly exclusive club. It is striking how many new members bore middle names that were the surnames of existing or previous brokers.²⁶

The names of brokerages need to be treated with caution. They fall into two categories. Some firms carried the names of their present partners, which is why

²¹ Ellison, *Cotton Trade*, pp. 187-271

²² See also Hall, ‘Governance’, pp. 102-103

²³ C. Hall et al., *Legacies*, p. 90

²⁴ Belcher, Bower, Buchanan, Comer, Cooke, Eason, Ewart, Gladstone, Holt, Littledale, Musgrove, Myers, Reyner, Salisbury, Shakespeare, Swainson and Waterhouse are among the examples (*Legacies*, <<https://www.ucl.ac.uk/lbs/search/>> [accessed 8 December 2017 and 29 July 2018]).

²⁵ Many of the broking families were inter-related: William Bower married a Stock, S. M. Bulley a Raffles and Nicholas Waterhouse a Rogers; George Holt was the son of a Whitaker and married a Durning; Thomas Littledale was the son of a Molyneux and married a Royds (source: <<https://www.ancestry.co.uk/>> [accessed 29 July 2018]).

²⁶ LRO, 380 COT/1/2/2-3-4

several firms changed their names as their partners changed. Others continued to trade under their founding name, despite the fact that the founding partner(s) had retired or died. Partnerships changed, or were dissolved, frequently – far more often than one would expect. Sometimes the reason was obvious, such as the death or retirement of a partner; at other times it was not, particularly when former partners formed new partnerships immediately upon the dissolution of the old one. Ellison sheds no light on the frequency of these changes. During the war, some of them may have been due to differing attitudes among the partners towards speculative risk.

Given the importance that Ellison attaches to the distinction between selling and buying brokers, it is striking that almost nowhere does he apply this distinction to the firms he is describing. On the rare occasions that he does, it relates to the origins of the firm, several decades earlier. It is possible that some of the rearrangements of partnerships were to enable firms to have a foot in both the selling and the buying camps. Perhaps Ellison found it too difficult, or too sensitive, to define a firm as either a selling or a buying broker. At any rate, it is impossible from his narrative to distinguish one from the other. Significantly, the LCBA's membership list did not distinguish between the two either. Neither did the entries in *Gore's Directory*. If one is looking for confirmation that the lines between selling and buying brokers were in practice blurred, this lack of evidence seems eloquent.

The brokers' role in Liverpool society is visible in Ellison's account. He records 21 brokers who were JPs, 4 who were MPs or the close relative of one, five mayors, 15 town councillors (mostly in Liverpool) and four deputy lieutenants.²⁷ Several brokers were involved in charitable works of one kind or another. Sari Mäenpää has written that "their contact networks reached from city councils to charities and several interlocking directorships... Charitable work and municipal activities provided social status and enhanced the reputation."²⁸ This small group exercised, over many decades, a strong influence on Liverpool's civic life. They exercised a similar influence on Liverpool's commercial life, well beyond the

²⁷ Ellison, *Cotton Trade*, pp. 187-271

²⁸ S. Mäenpää, 'Cotton Brokers in the Liverpool Business Community in the Late 19th Century', in A. Jarvis & R. Lee (eds), *Trade, Migration and Urban Networks in Port Cities, c. 1640-1940* (St. John's, Nfld: International Maritime Economic History Association, 2008), p. 6

confines of cotton broking. Many brokers had varied interests: banking, stockbroking, railways. Several brokerages were merely departments of large merchant houses. Brokers were not a discrete group of individuals who brokered cotton and did nothing else. Many were merchants in the full sense of the word. Liverpool businessmen had fingers in all sorts of pies, most of them involving little capital.²⁹ In this way, raw cotton differed from manufactured cotton. The trade required little or no capital, no factories and no machinery. What it needed was credit. Enough to pay for a few bales of cotton and its warehousing. Enough to start spinning a whirligig of a business.

Two questions about LCBA membership must be answered. Was it possible for someone to describe himself as a cotton broker without being a member? Was membership individual or corporate? Two resolutions of the LCBA on 18 February 1842 shed light on both issues.³⁰ Hall has written that “all cotton brokers were, and indeed had to be, members of the Association in order to operate as a Liverpool cotton broker.”³¹ Yet one of the resolutions states that “no individual shall be admitted a member of the Association unless he shall have ... been in business at this port for three years at the least as a cotton broker.”³² This surely suggests, which multiple press references confirm, that there were brokers who were not members of the LCBA. Some may still have been employed by member firms; others may have constituted a second tier in the market which did not sell cotton upon its first arrival in the port, but which traded it thereafter.

The wording of the resolutions also seems to suggest unambiguously that membership was vested in the individual, not in the firm. Yet the 1864 membership list appears to contradict this. It is not a list of individuals. Membership falls into three categories: firms and partnerships (67 members of the total of 151); individuals who were sole traders (21 members, as far as one can tell); individuals who were members of firms or partnerships, with the corporate name listed in brackets afterwards (63 members). The most likely explanation is that membership was indeed individual but that, where all partners in a firm were members, it was

²⁹ Milne, ‘Reputation’, pp. 18-33

³⁰ Ellison, *Cotton Trade*, p. 184

³¹ Hall, ‘Governance’, p. 99

³² Ellison, *Cotton Trade*, p. 184

felt sufficient to list the firm as an entity rather than give the names of the individual partners. In which case, those names listed as individuals with their firms in brackets afterwards were presumably partners in a firm where not all the partners were individual members, which would have included the heads of cotton departments in firms with wider merchant interests, as provided for in the resolutions.

Of the 151 brokers or broking firms who were members of the LCBA in 1864, 127 are noted in Ellison's genealogy. The lack of a complete correlation is not surprising, since Ellison's object was to describe the lineages of the 90 founding members from 1841. However, Ellison claims that only "about a dozen other firms were added in later years" which, even with name changes and begettings, seems to be a considerable understatement.³³ It may be significant that those individuals on the LCBA list with their firm's name in brackets afterwards, while accounting for only 42 per cent of the membership, include most names that fail to appear in Ellison's genealogy. This may suggest that, during the civil war, firms that were either new, or new to cotton broking, took on a partner with LCBA membership as a short cut to becoming member firms. Ellison reported that, at this time, "many general brokers added cotton to the other branches of their business."³⁴ According to *Gore's*, the number of cotton brokers increased by 20 per cent between 1860 and 1864.³⁵ Ellison said there were "nearly double the number of brokers" during the war.³⁶ The reason for the discrepancy is that *Gore's* listed businesses, while Ellison was referring to individuals. This would suggest that many brokerage firms, most of them already members of the LCBA, took on additional staff during the civil war. One may ask why twice the number of brokers were required to handle half the volume of cotton, unless they were heavily involved in speculation. Finally, there were 12 brokers whom Ellison describes as active in 1864, but who were not members of the LCBA in that year. This is an interesting, but unexplained, anomaly.

If one combines the information from the LCBA list of May 1864, *Gore's Directory* for 1864, and Ellison's information as at 1864, there is a considerable

³³ Ellison, *Cotton Trade*, p. 182

³⁴ Ellison, *Gleanings*, p. 329

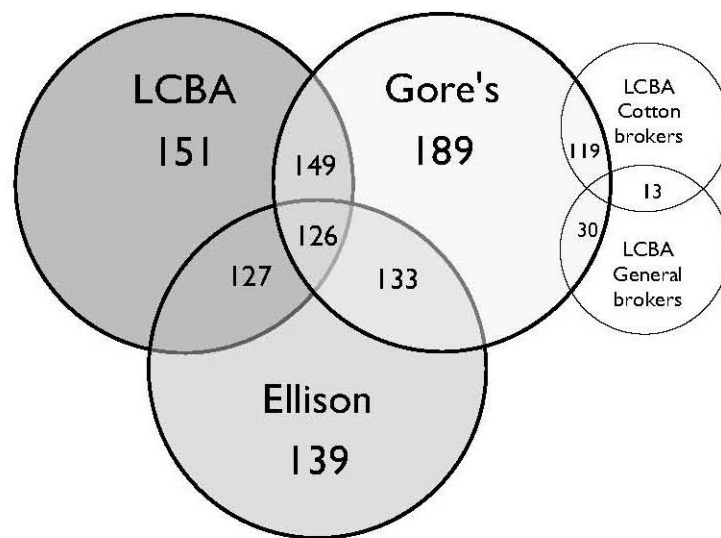
³⁵ *Gore's Directory*, 1860 and 1864

³⁶ Ellison, *Gleanings*, pp. 322, 329. Ellison reported that "recruits came in from the manufacturing districts, from the metropolis, and from the Continent."

overlap between the three sources, as one would expect (Figure 8.1). In total, 196 firms, partnerships or individuals were described as cotton brokers by one or more source. If one adds partners listed by Ellison, but who were not listed individually by the LCBA, the number of brokers rises to 339. It should be noted that 17 LCBA members were entered in *Gore's* only as general brokers, not as cotton brokers.

Figure 8.1

RECORDED LIVERPOOL COTTON BROKING FIRMS, 1864



Sources: LCBA, *Gore's Directories*, TE

Then there is the question of the cotton dealers. These are listed by *Gore's* under the general heading of cotton brokers, but with an asterisk against their names. In the early days of the Liverpool cotton market, dealers were the forerunners of the buying brokers, based mainly in Manchester.³⁷ Later, as Ellison haughtily commented, “the term cotton dealer became associated with an entirely different class of men.”³⁸ There is no overlap at all between the lists of dealers and any known LCBA membership list.³⁹ The dealers were effectively unofficial brokers, as indeed were some of the brokers themselves. Some of the dealers later chose to list themselves in *Gore's* as brokers, but none of these can be found on an LCBA

³⁷ Ellison, *Gleanings*, pp. 118-119

³⁸ Ellison, *Cotton Trade*, p. 176

³⁹ *Gore's Directory* for 1841, 1860, 1862, 1864, 1865, 1867, 1868, 1869, 1870 and 1871

membership list either. They seem simply to have decided to call themselves brokers. There was a huge increase in the number of dealers during the civil war, especially in the latter stages and during the speculative fever after the war. Of the 53 dealers listed in the 1864 directory, 22 had names of Irish origin.⁴⁰ A cursory reading of the names of LCBA members suggests that few, if any, of the brokers were Irish. While this may reflect economic status, it may also reflect an anti-Irish or anti-Catholic prejudice within the LCBA. Evidence from a variety of sources suggests that most brokers were Liberal in their politics and non-conformist or Anglican in their religion.⁴¹ In these respects, they mirrored the mill-owners described by Anthony Howe.⁴²

Many dealers were bankrupted after the war. Many of them seem to have been small-time traders, who saw the mouth-watering profits from cotton in the early years of the war, decided to join the stampede and chose the wrong moment to do it. However, for these people to deal, someone had to have sold them the cotton in the first place. The inference must be that the dealers, and perhaps many other unrecorded people and businesses, were speculative traders, with little or no capital behind them, buying either from LCBA members or from other speculators and forming a second tier in the market, even less well regulated than the first.

Taking the information from the lists as a whole, a picture emerges that is much less clearly segregated than the one Ellison presents. In a satirical piece that reflected changing times in Liverpool, the *Porcupine* wrote that “Mr Barnacle is a specimen of the old-fashioned buying brokers, who buy for spinners and do nothing else. There are not, however, many of them left... The majority of them ... have become general brokers.”⁴³ The lack of any published indication as to which were selling, and which buying, brokers, surely suggests that the dividing line between the two was thin and at times non-existent.⁴⁴ Not all the cotton brokers in Liverpool belonged to the LCBA. The dividing line between the cotton dealers and the non-LCBA firms of brokers must also have been thin or non-existent. It is difficult to

⁴⁰ *British Surnames*, <<http://www.britishsurnames.co.uk/>> [accessed 17 November 2015]

⁴¹ *Liverpool Mercury*, 1860-1865; Orchard, *Liverpool's Legion*; Mäenpää, 'Cotton Brokers', pp. 3-4; Collins, *Politics*, p. 60; Ellison, *Gleanings*, multiple references

⁴² Howe, *Cotton Masters*, pp. 61, 105

⁴³ *Porcupine*, 21 May 1870

⁴⁴ Buck, *Anglo-American*, p. 52

avoid the feeling that LCBA members, other brokers, cotton dealers and general traders were all part of the amorphous and shifting scenery that constituted Liverpool's cotton community. The list of bankruptcies after the war, detailed later in this chapter, confirms this impression.

Neither is there any evidence that this situation was created by the circumstances of the civil war. As Liverpool's cotton trade expanded through the century, it must have become harder for its founding fathers to retain control of what they had started. It may have been an attempt to assert control that led to the establishment of the LCBA in the first place. Any club is, by definition, an organisation that excludes people. By 1841 the list of those that the established brokers wished to exclude had lengthened. In particular, they wanted to exclude the general brokers. According to Ellison, "down to 1841 the cotton and general brokers were included in one association, but in that year the cotton brokers had become a sufficiently important body to form a separate association."⁴⁵ During the war, many general brokers seem to have found the means, within the LCBA's regulations, to inveigle themselves back into membership.

The Association had somehow managed to exist without written rules until 1863, when the civil war forced an attempt to tame the jungle. In that year, wrote Ellison, "it became necessary to do something ... in consequence of the numerous disputes arising out of the gigantic speculative transactions developed by the occurrences incidental to the American war."⁴⁶ But the end of the war did not halt the unravelling of Ellison's pristine system: that continued unabated through to the formation of the Cotton Association in 1882. The laws of the LCBA, non-existent until 1863, then consisting of a single sheet of paper, had expanded to 16 pages by 1871 and to 31 pages by 1879.⁴⁷ This simple fact is evidence of the pressure the LCBA was under to improve its self-regulation. By 1879, it was felt necessary to require each broker to append his signature to the laws, presumably to prevent subsequent pleas of ignorance. In retrospect, the preceding hundred years or so can be seen as one continuous process. The civil war period may have been uniquely

⁴⁵ Ellison, *Gleanings*, p. 123

⁴⁶ Ellison, *Cotton Trade*, p. 274

⁴⁷ *The Constitution, Laws and Usages of the LCBA*, 1871 (Liverpool: Joseph A. D. Watts & Sons, 1871), 380/COT/1/1/1. The 1871 and 1879 Laws are bound into the same volume.

dramatic, but the system was constantly evolving and losing its cohesion over many years, despite the best efforts of the LCBA to control it.

The final aspect of the role of cotton brokers to be examined concerns the part they played in shipping consignments that arrived in Liverpool. The Port of Liverpool Bills of Entry provide the source material for this study.⁴⁸ The Bills were published daily in two parts, the A List and the B List. The A List dealt primarily with the ships arriving in Liverpool or leaving it. The B List dealt primarily with the incoming cargoes. Negligible study has been made by historians of the A Lists and, so far as is known, none at all of the B Lists. Each list features names entered against consignments. The two lists of names vary considerably for consignments of cotton, and there is no key or heading to explain what they were. It has been assumed that the names on the A Lists were the consignees, and this seems to be correct, although one should add 'and/or proprietors'. No one has explained the divergent list of names on the B Lists because no one has examined them. This contemporary source, however, provides the explanation:⁴⁹

Bill of Entry to be delivered.— The person entering any goods inwards (whether for payment of duty, or to be warehoused upon the first perfect entry thereof ...) shall deliver to the collector or comptroller a bill of the entry of such goods, ... expressing ... the name of the person in whose name the goods are to be entered, and the quantity and description of the goods.

Unauthorized Persons not permitted to make Entries.— Proviso.— Every person who shall make or cause to be made any such entry inwards of any goods, not being duly authorized thereto by the proprietor or consignee of such goods, shall for every such offence forfeit the sum of 100/.

From this description, a number of things can be deduced. The original Bill of Entry was a document produced by the person taking responsibility for a consignment, or part of a consignment, when it arrived in Liverpool. Hundreds, if not thousands, of such documents would have been submitted to the port authorities every day. From the information contained in them, the authorities then produced a composite Bill of Entry for the day, split into the A List and the B List, each containing different information. The section on Unauthorized Persons makes it clear that the person submitting the Bill of Entry was not the same, or not

⁴⁸ Custom Bills of Entry, Liverpool B Bills

⁴⁹ J. McCulloch, *A Dictionary, Practical, Theoretical, and Historical of Commerce and Commercial Navigation* (London: Longman, Brown, Green and Longmans, 1844), p. 30

necessarily the same, as the ‘proprietor or consignee’ of the goods, which would explain the discrepancy between the two lists of names. As historians are aware, the list of names on the A Lists is incomplete, with many cotton consignments – up to 70 per cent in some years – being shown enigmatically as ‘consigned to order’.⁵⁰ However, the list of names on the B Lists *is* complete: of more than 21,000 cotton consignments examined, only three did not have a name against them.⁵¹ If there was one list of names the port authorities needed to be complete, it was surely the list of those who would take charge of the goods and – where relevant, which it was not for cotton – pay the duty on them. It must therefore be concluded that the names on the A Lists were the proprietors and/or consignees, where they were given, and the names on the B Lists were the authorised agents of the proprietors or consignees, with responsibility for warehousing the cotton in Liverpool.

Studying the names on the B Lists is perhaps more rewarding than studying those on the A Lists. Not only is the A List of names incomplete, but it is impossible to know their precise status, whereas the B List of names is complete and one knows precisely their status: they had immediate responsibility for the cotton that arrived. Had a list of the owners of the consignments been compiled, that would have been more interesting still, but it was not. Ownership was seldom known, even at the time. When the Liverpool branch of Barings Bros was asked by its head office in London to produce a list of the port’s main cotton traders, it replied that it could not produce an accurate list because “so much comes to parties whose names do not appear, for which the broker makes the customs house entry.”⁵² If the information did not exist at the time, historians will never know who owned what, or who paid for what.

A full study has been made of the B Lists of cotton consignments in 1864 and – for pre-war comparison – in 1860. Before looking at the names on those lists, hereafter called ‘the recipients’, it is worth looking at how the overall shape of the trade was affected by the war (Table 8.1). Although the volume of cotton imported into Liverpool was 38 per cent lower in 1864 than in 1860, the number of individual

⁵⁰ Milne, *Trade and Traders*, pp. 114–116; Williams, ‘Liverpool Merchants’, p. 186; Ashcroft, ‘British Maritime’, pp. 112–115; Hall, ‘Cotton Importers’, p. 83

⁵¹ They were on 9 January, 18 June and 6 August 1864 (Custom Bills of Entry, Liverpool B Bills).

⁵² Milne, *Trade and Traders*, p. 114

Table 8.1

THE EFFECT OF THE CIVIL WAR ON RAW COTTON CONSIGNMENTS, 1860 and 1864			
	1860	1864	Change
ALL COUNTRIES			
Volume ('000 lbs)	1,303,403	807,117	-38%
Number of consignments	9,926	11,132	12%
Volume per consignment ('000 lbs)	131	73	-45%
Number of recipients	583	744	28%
Volume per recipient ('000 lbs)	2,236	1,085	-51%
AMERICA			
Volume ('000 lbs)	1,069,692	82,998	-92%
Number of consignments	6,967	1,301	-81%
Volume per consignment ('000 lbs)	154	64	-58%
Number of recipients	480	248	-48%
Volume per recipient ('000 lbs)	2,229	335	-85%
INDIA			
Volume ('000 lbs)	165,446	438,536	165%
Number of consignments	1,388	3,801	174%
Volume per consignment ('000 lbs)	119	115	-3%
Number of recipients	141	277	96%
Volume per recipient ('000 lbs)	1,173	1,583	35%
SOUTH AMERICA			
Volume ('000 lbs)	18,299	41,647	128%
Number of consignments	280	1,181	322%
Volume per consignment ('000 lbs)	65	35	-46%
Number of recipients	57	210	268%
Volume per recipient ('000 lbs)	321	198	-38%
EGYPT			
Volume ('000 lbs)	43,394	136,370	214%
Number of consignments	1,188	2,966	150%
Volume per consignment ('000 lbs)	37	46	26%
Number of recipients	109	277	154%
Volume per recipient ('000 lbs)	398	492	24%

Source: CBE, *Liverpool B Bills*

consignments was actually higher (by 12 per cent) and the number of recipients was also higher (by 28 per cent). The volume per consignment and the volume per recipient were thus roughly halved in both cases. The numbers receiving small amounts of cotton increased dramatically. In 1860, 52 recipients had received fewer than 20,000 lbs of cotton each in the full year; in 1864, the number was 203. In 1860, there had been 230 consignments of fewer than 10 bales; in 1864, there were 837. This table provides dramatic evidence of two points. The first is that the civil war brought into the cotton market a great many people who were not in it previously, many of them operating on a small scale, and many of whom must have been speculators. The second is that the war period saw a scramble by all operators to lay their hands on whatever cotton they could locate, in whatever quantity they could get it, wherever they could find it.

A vast amount of information has been derived from this analysis of almost 10,000 raw cotton consignments in 1860 and more than 11,000 in 1864. Most of it is too detailed to be reproduced here, or is beyond the scope of this study. An alphabetical list of all recipients of more than 250,000 lbs of raw cotton in either year is given in Appendix 2. In this commentary, two further issues will be considered: the most significant non-broker recipients of raw cotton in 1860 and 1864, and the role of the cotton brokers as recipients.

Table 8.2 shows the 50 largest non-broker recipients in 1860 and the 50 largest in 1864, ordered in rank according to 1864 volumes. The firms listed in this table received 71 per cent of the cotton in 1860 that was not received by brokers, and 75 per cent in 1864. The salient point that emerges is the enormous turnover between the two years. The nature of the data means that one cannot draw absolute conclusions. It is possible, for example, that the absentees from either the 1860 or 1864 lists were still active in cotton merchanting in the other year, but had their cotton received in Liverpool by other firms. But even allowing for this, and for changes in partnerships, which make direct comparisons difficult in some cases, the sheer scale of the turnover shows that the civil war led to a huge change in the personnel involved in the raw cotton trade in Liverpool and to the scale of their operations. Only 11 of the 50 largest recipients in 1860 were among the 50 largest in 1864.

Table 8.2

NON-BROKER RECIPIENTS OF COTTON CONSIGNMENTS, 1860 and 1864 ('000 lbs)					
Recipient	1860	1864	Recipient	1860	1864
Finlay, Campbell & Co.	6,562	22,891	Asia Minor Cotton Co.	0	2,762
Cama, B. & Son	0	19,186	Hodgson, Mather & Co.	0	2,637
Forbes, Forbes & Co.	6,521	18,491	Harrison, J.	0	2,623
Fraser, Trenholm & Co.	38,769	13,707	Schuster, Leo, Bros & Co.	164	2,607
Clover, J. & W. W.	0	13,374	de Jersey & Co.	677	2,561
Thomson, Finlay & Co.	7,189	13,084	Leech, Harrison & Co.	12,734	2,264
Rennie, Clowes & Co.	12	10,462	Schroder, J. H. & Co.	20,855	2,087
Hanlon, T.	0	9,849	Cropper, Ferguson & Co.	5,248	2,043
Cowan, R.	23,376	8,680	Melly, Forget & Co.	15,004	1,999
Poonjabhoy, D.	0	7,716	Baring Bros & Co.	8,505	1,637
Co.mber, E. & Co.	0	7,514	Maxwell, W. A. & G. & Co.	6,121	1,197
Turner, W. D.	11,079	7,305	Zizinia & Co.	7,816	1,088
Ralli & Psicha	2,343	7,076	Hennings, Gosling & Co.	6,905	1,062
Co.wie, C. G. & Co.	731	6,999	Mason, W.	4,419	842
Cardwell, T. & Co.	3,177	6,906	The Merchants' Co.	5,921	836
Gibbs, Bright & Co.	712	6,858	Guion & Co.	5,622	835
Menasce Bros & Co.	94	6,390	Fachiri, A. & Son	6,281	508
Nicol, Duckworth & Co.	54	6,387	Stolterfoht, Sons & Co.	6,743	404
Peel, J. & Co.	0	6,279	Hill, C. & Sons	4,174	396
Mody & Co.	0	5,918	Malcolmson, J. & D. & Co.	21,743	226
Hankey Bros & Co.	0	5,774	Cater, J. W. & Co.	4,137	192
Huth, F. & Co.	18,917	5,188	Fielden Bros & Co.	16,916	156
Drake, Kleinwort & Co.	15,601	5,161	Jackson, W. & Sons	8,289	138
Daniell & Co.	3,790	5,149	Melhuish & Dela Rue	5,333	101
Cama, B. F. & Co.	8,839	4,849	Rathbone Bros & Co.	15,235	73
Lyon, F. & Bros	2,915	4,792	Blessig, Braun & Co.	15,861	51
Robinson Bros	0	4,272	Green, G., Son & Co.	5,150	42
Bell, Miller & Co.	0	4,190	Thomson, H. M.	9,482	19
Saunders, C. & Co.	3,807	4,128	Moore, C.	4,898	8
Gunston, Wilson & Co.	73	4,070	Heath, E. & Co.	4,623	1
Gilliat, J. K. & Co.	4,050	3,920	Babcock, B. F. & Co.	6,643	0
Nathabhoy, C., Sons & Co.	0	3,903	Benn, R. & G.	4,955	0
Ayre, J.	0	3,901	Boyd, Edwards & Co.	6,968	0
Dickinson, W. & Co.	1,015	3,878	Buchanan, Browne & Co.	3,950	0
Lunds & Vernon	0	3,862	Franghiadi & Co.	7,270	0
Duranty, A. & Co.	269	3,810	Higgin, R. & Co.	5,398	0
Duff, Cadell & Co.	320	3,669	Isaac, Low & Co.	23,773	0
Burstall, J. W. & Co.	0	3,528	Jackson, J. A. & Co.	10,657	0
Eccles, Cartwright & Co.	297	3,387	Meadows, Frost & Co.	7,244	0
Crawford, Colvin & Co.	0	3,351	Moon, E. & Co.	6,314	0
Prange & Son	0	3,113	Oxley, W., Son & Co.	6,104	0
Mellor & Southall	1,468	2,940	Richardson, Spence & Co.	5,204	0
Oxley, J. S. & Co.	0	2,874	Swire, J. & Sons	4,801	0
Hewitt, J. & Co.	11,834	2,833	Zwilchenbart, E. & Co.	6,305	0
Dixon, C. E.	2,174	2,767			

Source: CBE, *Liverpool B Bills*

The big losers, unsurprisingly, were those who had been recipients of American cotton in 1860. Fourteen of the top 50 firms from 1860 received no cotton at all in 1864. All of these had received their 1860 cotton exclusively, or almost exclusively, from America. Many of those who saw their businesses decimated by the near absence of American cotton sought to recoup their losses through speculation or blockade-running.⁵³ The big winners were those who dominated the Asian trade in 1864. Twenty of the top 50 firms in 1864 had received no cotton at all in 1860. Of these, 18 were large recipients of Indian cotton. The names on the list in Table 8.2 seem to be mainly traders and merchants, mostly British, some based overseas. There are several banks amongst them (Barings; Drake, Kleinwort; Gilliat; Huth; Schroder). A few may have been firms related to cotton brokerages. The one thing they would have had in common is a head office, a branch office or an employee in Liverpool: someone, in other words, to receive the cotton on the firm's behalf.

Of the cotton that arrived in Liverpool in 1864, 44 per cent was received directly by known cotton brokers, and 43 per cent by brokers who were members of the LCBA. This is not surprising: one would expect the selling brokers to act as agents for their principals in the port. What is surprising is that as many as 128 of the 151 brokers on the membership list received cotton in 1864, some of them in relatively small quantities, as well as 39 brokers who were not on the LCBA list. Most of these were identified by Ellison as partners in a brokerage, but they still received cotton consignments in their own name. In every case, their firms had also received consignments under the partnership name. It is difficult to conceive of any reason for this unless the individual partners were speculating on their own account. A great many who received cotton must theoretically have been buying brokers. Under Ellison's model, buying brokers would not normally have received a cotton consignment directly from an incoming vessel or been responsible for warehousing it. In that case, either most buying brokers were also selling brokers, or they were speculators, or they had clients who were buying directly, bypassing the selling brokers, or who were also speculators. In practice, it seems likely that all four alternatives were to some extent true.

⁵³ Machin, 'History, Part I', p. 283

This situation was not created by the war. The same analysis is difficult to make for 1860 because no LCBA membership list exists for that year. However, by taking the 1864 list and adjusting it for known partnership changes described by Ellison, it is possible to come close. On that basis, 111 LCBA members received consignments of cotton in 1860, accounting for 42 per cent of all cotton imports. In practice, these figures would have been higher had full data been available. Again, many of the recipients must have been buying brokers. A few brokers who were recipients in 1860 did not receive cotton in 1864. Overall, 137 members of the LCBA, 91 per cent of the 1864 membership, took delivery of raw cotton from Liverpool docks in either 1860 or 1864 or both.

It can only be a provisional exercise, but it is worth attempting to categorise the Liverpool brokers according to whether they are likely to have been predominantly selling or predominantly buying brokers. The 1864 list of LCBA members has been divided into three columns according to the volume of cotton they received (Table 8.3). The third column includes those brokers who received no cotton in either year. To take account of the fact that many brokers will have suffered disproportionately from the collapse of the American trade, an average of 1860 and 1864 volumes has been used in compiling the rankings. When a firm changed its name between the two years, the name shown on the printed LCBA list of 1864 has been used. The nature of the data means that caution must again be used in interpreting it. An extreme possibility would be that one of the firms shown as receiving no cotton might still have been a large selling brokerage, but one whose importing clients chose to receive cotton in their own name. For the same types of reason, the list will not accurately reflect the relative sizes of brokerage firms that did receive cotton. However, it remains probable that most, if not all, the names in the first column were nominally selling brokers and most, if not all, the names in the third column were nominally buying brokers. With the second column, it is impossible to say. Many firms in the third column still received a great deal of cotton. Hornby & Robinson, for example, received cotton to a value of almost £40,000 (£4 million today) in 1864. The names in bold in Table 8.3 indicate those firms that supplied the Presidents of the LCBA in the years 1850-69.⁵⁴ The great

⁵⁴ Ellison, *Cotton Trade*, p. 355

Table 8.3

**COTTON RECEIVED BY MEMBERS OF THE LIVERPOOL COTTON
BROKERS ASSOCIATION, 1860 and 1864**
(‘000 lbs - average of both years)

Joynson, T. & Co.	21,927	Armour & Co.	1,856	Bateson & Hilton	392
Joynson, P. jun	18,064	Bulley, Samuel (& Raffles)	1,814	Mayall & Andersson	391
Holt, G. & Co.	17,909	Webster, H. J.	1,797	Broom, W. T. & Co.	372
Swainson, A. & Sons	17,601	Wolstenholme, C.	1,693	Curry, P. W. & Co.	338
Haigh, T. & Co.	17,038	Houghton, Vance & Co.	1,613	Hall & Jones	298
Hollinshead, Tetley & Co.	16,489	Bright, W. & Sons	1,542	Lloyd, L.	216
Littledale, T. & H. & Co.	16,293	Cruttenden & Oulton	1,509	Gaskell, J. & Son	209
Duckworth & Rathbone	15,799	Waterhouse, N. & Sons	1,457	Harpin & Bower	206
Titherington, Gill & Co.	14,674	Mussabini, P.	1,434	Raffles, W. W.	205
Marriott & Co.	13,937	Bulley, S. M.	1,334	Hornby & Robinson	175
Browne, Hunter & Co.	12,909	Haywood & McVicar	1,316	Thompson & Bradbury	174
Molyneux, Taylor & Co.	12,770	Reede, J. S. M. & Co.	1,312	Agelasto, A. S.	174
Bateson, J., Sons & Co.	11,050	Shakespeare, I. & Co.	1,273	Strafford Brothers & Co.	161
Rogers & Calder	10,830	Gaskell, T. & R.	1,256	Williams, O. H. & Co.	152
Bushby & Co.	9,309	Trepplin & Rome	1,249	Meugens & Forwood	127
Cunningham & Hinshaw	9,116	Joynson, J. & M.	1,237	Parkinson, Hamilton & Ingleby	112
Thomson, J. B. & Co.	8,778	Corrie & Co.	1,222	Farrer, W.	97
Whitaker, Whitehead & Co.	8,223	Morgan, J. B.	1,103	Willis, J.	92
Belcher, M. & Co.	7,977	Hollins, F. & Co.	1,092	Seville, W. & Co.	86
Cowie, Smith & Co.	7,935	Logan & Shaw	1,061	Given & Braddyll	80
Eccles, A. & Co.	7,167	Clark, H.	1,055	Lees, W. P. & Co.	75
Newall & Clayton	6,195	Armstrong & Berey	1,024	Bayley & Norbury	69
Musgrove, E. & Co.	5,899	Wrigley, J. & Sons	948	Cookson & Co.	57
Livesey & Thorpe	5,667	Stock, J. & Son	929	Meeson, W.	53
Clare, W. & Sons	5,617	Percival Bros & Co.	909	Peers, J.	50
Campbell, C. & Co.	4,563	Tipton, R. S.	894	Pearce, H.	48
Shand, Higson & Co.	4,272	Gath, S.	846	Howell, J. & Sons	43
Chambres, Holder & Co.	4,082	Melladew, R.	803	Holland, J.	39
Postlethwaite, T. & Co.	3,913	Davies, J. H.	726	Brown, W. J.	29
Mason & Lister	3,781	Dean, C. & Co.	724	Griffith, Sons & Paethorpe	21
Salisbury, Turner & Grey	3,426	Schofield & Blackburn	711	Hall, R. C.	19
Buchanan, D. C. & Co.	3,373	Paton, D.	702	Blundell, J. & Co.	18
Stead Bros	3,275	Williams, M.	691	Comer & Harrison	14
Finlay & Lance	3,138	Fox, W.	671	Robson & Eskrigge	12
Reynolds & Gibson	3,068	Kearsley & Cunningham	656	Lea & Walthew	1
Campbell, J. P.	3,048	Good, J. W.	651	Bousfield & Johnson	<1
Smith, Edwards & Co.	2,940	Sheppard & Hyslop	643	Hutchinson, J. H. & Co.	<1
Eason, Barry & Co.	2,857	Jardine, E. & Co.	636	Chinn, F. F.	0
Cox, E. & Sons	2,838	Joseph Bros	628	Cox & Radcliffe	0
Mellor & Co.	2,750	Jowett, S.	596	Cox & Young	0
Bell, Nott & Co.	2,732	Rushton, Johnson & Co.	582	Danson & Wild	0
Gladstone & Serjeantson	2,728	Barton, M. & Son	578	Ellison & Haywood	0
Withers & Co.	2,667	Nicholson & Wrigley	520	Hooton & Wilkinson	0
Buchanan, Wignall & Co.	2,373	Coupland & Thorburn	516	Jee, M. & Son	0
Bower, W. & Son	2,338	Blythe & Harvey	509	Martin, Studley	0
Cooke, I. & Sons	1,999	Thornely & Pownall	496	Rew, John	0
Jefferson & Taylor	1,964	Shaw, R. & Co.	489	Rickman & Tobias	0
Hodgson & Ryley	1,952	Tomlinson, W. D. & Co.	484	Rowlinson, R. B.	0
Coddington Bros	1,915	Peers, W. & Son	479	Rylands Brothers & Boulton	0
Mellor, Cunningham & Powell	1,907	Whitehead & Hetherington	405	Sleigh, A. & Co.	0
				Tarleton & Cherry	0

The names in bold indicate those firms that supplied the Presidents of the LCBA from 1850 to 1869

Source: CBE, *Liverpool B Bills*

majority are to be found in the first column; all but one of the remainder in the second column. It is possible that the only genuinely buying broker to become LCBA President in those 20 years was Matthew Jee. He was also one of the few not to be among the Dock committee electors.

As with almost everything that concerns the cotton brokers of Liverpool, the evidence is either anecdotal or needs to be inferred from data such as these. Cumulatively, the information suggests a reality different from and more diffuse than Ellison's model. The cotton brokers were not a breed apart. They were a part of the merchant community, with blurred lines between several different functions. Many brokerages were departments of large trading houses. Many of the individual names on the list of non-broker recipients were the same as names on the lists of brokers. In some cases this may have been coincidental. In others, it seems likely that brokers either ran merchant firms in parallel with their broking business, or had relatives engaged in merchanting. It was a world of incestuous trading relationships.

The war years offered an unprecedented temptation to all brokers to cash in, and many seem to have been unable to resist it. But the opportunity was far from risk-free. As the price of raw cotton doubled, tripled, quadrupled during the war, many of those engaged in Liverpool's cotton trade – brokers, merchants and speculators – were sucked into a vortex of ever-increasing danger. Many of them would be ruined by it. It may reasonably be asked why the selling brokers, in particular, should have allowed themselves to be placed in this position. They were not unaware of the speculative fever in which they were operating, nor of the questionable substance of many of those to whom they were giving credit. Nor should they have been unaware of where speculative fevers invariably lead. It is hard to avoid the conclusion that, in the pursuit of still greater profits, they became careless of the ever-increasing risks they were running.

The role in the cotton market that the selling brokers had progressively carved out for themselves was not far short of a licence to print money. However, the means through which they had acquired their dominance left them vulnerable to the types of risk that bankers carry, but without the bankers' capital to cushion them. It can be seen from the method of financing the trade, described in Chapter 7, that the failure of his own speculations was not the only way for a Liverpool

broker to be ruined. Over the years, going back to the start of the century, the selling brokers had become the *de facto* bankers to their clients, the importing merchants. Backed by their own banks, the brokers advanced up to 80 per cent of the shipment value to the importers.⁵⁵ In unexceptional times this represented little or no risk: the broker earned interest on the advance, and if the merchant was caused difficulties by a slippage in price, there was a 20 per cent protection for the broker, which was normally more than enough. In Ellison's words, "where ordinary care was exercised the losses ... were not serious."⁵⁶ Technically, the planter or the importer still owned the cotton until it was sold to a spinner. However, the broker was the account holder at the bank and the cotton was the collateral on which the advance had been made. In the event of default, the bank would have had recourse to the broker, not to the merchant, and it would then become a question of whether the broker could obtain payment from his client. In calm times, these remained largely hypothetical issues.

They ceased to be hypothetical during the civil war. The LCBA imposed no requirement on a purchaser to prove creditworthiness. In the long chain of contracts for the same consignment of cotton, usually sold on at ever increasing prices, the person left with the last contract was the one who had to pay for the cotton when it arrived. If that person could not pay, the cotton passed back up the chain until it found a buyer who could pay. When the market collapsed in September 1864 – and at several points thereafter – this frequently turned out to be the importer, usually funded by his broker and the broker's bank.⁵⁷ Milne has commented that "bills of exchange, when discounted and signed on frequently in times of extreme financial speculation, could be used to construct houses of cards, liable to collapse should any of a number of parties involved in complicated transactions suffer a commercial setback."⁵⁸ The brokers T. & H. Littledale explained what happened:⁵⁹

⁵⁵ Hemelryk, *Forty Years*, p. 4; Hall, 'Business Interests', pp. 343-344

⁵⁶ Ellison, *Gleanings*, p. 245

⁵⁷ Perkins, *Financing Trade*, pp. 8-9; Machin, 'History, Part I', p. 265

⁵⁸ Milne, *Trade and Traders*, p. 154

⁵⁹ T. & H. Littledale & Co., annual CC for 1864, LRO, 380 COT/1/11/69

Cotton had been sold 'to arrive' at the very highest point of the market, and in many instances to men of straw – the first struggle of course was to re-sell at almost *any* price, to enable them to meet the prompts, but the differences were soon found to be too heavy for such weak hands, and the Cotton fell back to the Importers, causing a state of confusion and ruin that baffles description... Had this Cotton not been sold to these gamblers, ... probably not an Importer or Broker would have been placed in difficulties.

Importers were obliged to pay a higher price to buy back their own cotton than it was now worth. This ruined some of them, and their brokers in turn. As Williams sourly remarked in 1867, "it will ... be seen if our Bankers have exercised a wise discretion in withdrawing their confidence ... from Cotton, and which has resulted in the utter ruin of so many of their customers."⁶⁰

According to one history, from the late eighteenth century "the textile trades had evolved a system of credit and currency ... and they continued to employ methods which to some extent acted as a substitute for the more usual development of banking."⁶¹ Credit was already integral to the system well before the civil war. The financial downfall of some brokers towards the end of the war and after it needs to be considered in the context of the finance that would have been available to them with which to speculate. Again, detailed information is scant, but not altogether lacking. Although it is commonly agreed that the banks of the mid-nineteenth century were not the major source of long-term capital for business that they subsequently became, they were often the source of substantial short-term credit.⁶² Provincial banks at the time were overwhelmingly local. In 1831, nearly 60 per cent of the Bank of Liverpool's shareholders lived in the Liverpool area, and only 10 per cent outside Lancashire.⁶³ The banks were inextricably linked to the trade of their region. Thus, merchants and brokers were active in establishing and maintaining the banks in Liverpool, and formed the majority of directors in all but one of its banks.⁶⁴ Three cotton brokers were among those who

⁶⁰ Williams, *Seven Years*, 1867, p. 19

⁶¹ W. Crick & J. Wadsworth, *A Hundred Years of Joint Stock Banking* (London: Hodder & Stoughton, 1936), p. 143

⁶² M. Collins, *Banks and Industrial Finance in Britain 1800-1939* (London: Macmillan, 1991), pp. 22-32; M. Collins & P. Hudson, 'Provincial Bank Lending: Yorkshire and Merseyside, 1826-60', *Bulletin of Economic Research*, 31, 1979, pp. 69-79

⁶³ Collins & Hudson, 'Provincial', p. 69

⁶⁴ *Ibid.*, p. 70

established the Bank of Liverpool.⁶⁵ It is reasonable to conclude that the relationship between the Liverpool banks and the traders of raw cotton was extremely close.

To preserve their liquidity, the banks preferred to make short-term advances. One form was through discounted bills of exchange, which is how the brokers made their advances to importers, and how they financed their regular business.⁶⁶ However, there were three other methods of bank borrowing, any of which could have been available to a Liverpool broker. One was through secured lending. At most times, brokers or merchants must have been able to borrow on the security of a consignment of cotton, assuming no outstanding amount on a bill of exchange. Banks were also prepared to offer unsecured loans to customers who were considered reliable. The Bank of Liverpool lent up to £50,000 unsecured (£5 million today) and the Liverpool Union Bank up to £10,000.⁶⁷ The third method was through a bank overdraft. It was normal for Lancashire banks to allow current accounts to be overdrawn for an undefined period of time up to a limit of 10 per cent of the account's annual turnover, and many account-holders used this facility as a permanent credit reserve, drawing on it whenever they needed the money.⁶⁸

A rough calculation will show how valuable this facility could have been to a cotton broker. In 1863, before the height of the speculative boom, British annual raw cotton imports were worth nearly £60 million.⁶⁹ A medium-sized brokers' firm could expect to handle 2 per cent of this total. This would yield the broker a minimum income of 0.5 per cent, or £6,000. However, because of the way that the trade was financed, the entire value of the transactions, not just the broker's commission on them, would form the turnover of his account. In which case, the 10 per cent overdraft limit would theoretically enable such a broker to have a permanent overdraft facility of £120,000 (£12 million today). In total, brokers could have had access of up to about £17 million of unsecured credit at today's values.

The figures above are merely extrapolations from the lending policies of Liverpool banks at the time. The information does not exist to show to what extent

⁶⁵ Ellison, *Cotton Trade*, p. 202

⁶⁶ Collins, *Banks*, p. 25; Collins & Hudson, 'Provincial', p. 72

⁶⁷ Collins & Hudson, 'Provincial', p. 76

⁶⁸ *Ibid.*, p. 75

⁶⁹ Table 7.1 (page 180)

cotton brokers chose, or were allowed, to take full advantage of them, but Hemelryk said that the credit obtained was considerable:⁷⁰

Banks in Liverpool ... gave credit with very great readiness to respectable people... The banks at that time had no tangible security; they simply had the cotton morally hypothecated to them... As business was so profitable on all sides, large credit was given to those engaged in the cotton trade... A great many [banks] offered open credits for ten, twenty, and thirty thousand pounds, and one went so far as to offer to accept up to £100,000 without security.

It would seem, therefore, that brokers would not have struggled to raise significant finance for speculation, as long as their bankers considered them a good risk. Most members of the LCBA had a long and successful pedigree in the cotton trade. That trade was huge, established and profitable. The rise in prices after 1861 made cotton an appealing investment. Brokers would surely have had little problem in borrowing money in the early years of the war. Only in September 1864, and at various points thereafter when prices collapsed, was confidence likely to evaporate. As indeed it did, as exemplified by Williams's quote above.

The statesman and businessman George Goschen later wrote that "whoever held [cotton] stocks felt the ground giving way beneath his feet. No branch of trade connected with the article has been exempt, and we have heard the saying in Liverpool that 1865 ruined the speculators, 1866 the merchants, 1867 the producers."⁷¹ Manchester might justifiably claim that it had been ruined constantly during the war and after it, but would not have been surprised at Liverpool's forgetfulness of its misfortunes. The minute book of the LCBA gives vicarious evidence of the pressures its members were under once the war had ended. From early 1865, there is an escalating incidence of expulsions, disputes and threats of legal action between brokers. In April 1865, the behaviour of Messrs Topp and Coupland was described as 'disgraceful'. In April 1866, the resignation of Mr Norbury was refused, and he was instead expelled. Later that month, the actions of Mr Giannacopolo were described as 'reprehensible'. In June, the firm of Lea & Walthew was reprimanded for its behaviour towards the firm of Newall & Clayton. In July, upon the motions of members, the names of Samuel Gath Jr. and Godfrey

⁷⁰ Hemelryk, *Reminiscences*, pp. 4-6

⁷¹ Viscount Goschen, *Essays and Addresses on Economic Questions (1865-1893)* (London: Edward Arnold, 1905), p. 93

Barnsley were erased from the list of members. In June 1867, Mellor & Co. warned of their intention to make a complaint against Mayall & Andersson.⁷²

The only sure way for a broker to make money from the civil war years was to have a brokerage business that represented only spinners and to eschew all speculation. Perhaps a few brokers did satisfy both criteria. Others, such as Smith, navigated the minefield and made great fortunes. He was not the only one. A study of the probate records for 52 Liverpool cotton brokers active at the time of the civil war shows that the *average* size of each of their estates was more than £6 million at today's values.⁷³ 24 of these brokers left more than £5 million and 10 more than £10 million. James Macrae was said to have left each of his three daughters £100,000 (£10 million today) upon his death.⁷⁴

But many were less skilled or less lucky. Smith recalled that "most ... speculators lost all they had when the tide ebbed away, and the recoil came after the war. They had lost their legitimate business and their habit of patient industry, and many of them sank into chronic poverty. It was pitiable to see men who had bought fine mansions and costly picture galleries, hanging about 'the flags', watching the chance of borrowing a guinea from an old friend."⁷⁵ Ellison wrote that "palatial mansions were given up. Carriages and horses were sold... Many familiar faces disappeared from the Flags."⁷⁶

Reckless speculation, a novelty during the war, had become a habit for Liverpool's cotton traders, and it proved a hard habit to break. There were now many more brokers, accustomed to inflated incomes and extravagant lifestyles. As prices fell, commissions reduced too. Speculation must have seemed the easiest way to make up the shortfall. But, although prices fell, they did not fall evenly. For many years, as American cotton gradually came back on to the market and as Indian imports ebbed and flowed, both volume and price continued to fluctuate substantially, from year to year, from month to month. These were not the easiest

⁷² LRO, 380 COT/1/2/2, 3

⁷³ <<https://www.ancestry.co.uk/>> [accessed 29 July 2018]

⁷⁴ Ellison, *Gleanings*, p. 362

⁷⁵ Smith, *My Life-Work*, p. 35. It can be assumed that William Forwood agreed with these sentiments, since he cribbed them word for word in his own autobiography (Forwood, *Recollections*, p. 54).

⁷⁶ Ellison, *Gleanings*, p. 325

of times in which to speculate. Crick and Wadsworth wrote that “the immediate revival in the cotton industry following the restoration of peace in North America was accompanied by a burst of speculation in the raw material, which brought disaster to some Liverpool banks... Small wonder that the directors’ reports for 1867 and 1868 refer to ‘the fall in the level of ... common morality’.”⁷⁷ They went on to say that 1871 saw the end of a period in which five Liverpool banks had failed.

The Royal Bank of Liverpool suspended payments in October 1867.⁷⁸ Amongst its shareholders in 1862 were the merchant families of Bibby, Brancker, Hutchison, Tomlinson and Zwilchenbart, and the broker families of Duckworth, Gill, Littledale, Shand, Molyneux and Taylor.⁷⁹ In October 1867, the cotton merchant Robert Hutchison, a former Mayor of Liverpool, was appointed a paid director of the bank. The following year, he became bankrupt. He owed £33,705 to the bank (£3.4 million today), £43,500 to his brokers and nearly £55,000 to the Molyneux family, connected with the brokers Molyneux, Taylor & Co., from whom he had borrowed. His losses on cotton were stated to be £51,183 in 1866 and 1867. At the bankruptcy hearing, Hutchison said that “all the directors were aware that he owed that sum to the bank, for the accounts were laid before them every Friday. Never heard any remark about his balance while he sat at the Board.”⁸⁰

As far as is known, Hutchison’s failure did not lead to the failure of his brokers, Parkinson, Hamilton & Ingleby, nor to any member of the Molyneux family, which gives a good idea of the resources of both. However, there were plenty of other failures. In a search of the Liverpool press for the bankruptcies of cotton brokers and dealers between January 1864 and December 1872, 113 separate instances have been discovered.⁸¹ None occurred after March 1871. None can be blamed directly on the civil war. However, without the civil war and the price volatility and speculation it induced, perhaps few, if any, of them would have happened. The situation was not helped by severe problems in financial markets, including the collapse of the bank Overend, Gurney & Co. in June 1866.⁸² But this

⁷⁷ Crick & Wadsworth, *Hundred Years*, pp. 155-156

⁷⁸ L. Pressnell & J. Orbell, *A Guide to the Historical Records of British Banking* (Aldershot: Gower Publishing Co., 1985), p. 94; *Liverpool Daily Post*, 23 October 1867

⁷⁹ *Liverpool Mercury*, 14 February 1862

⁸⁰ *Liverpool Daily Post*, 5 May 1868

⁸¹ BNA, Liverpool, 1864-72

⁸² Pressnell & Orbell, *Guide*, p. 85

banking crisis was itself related to cotton. One writer believed that the problems caused by the fall in cotton's value had been greater than those caused by its rise: "the price has settled down through a series of embarrassing fluctuations or jerks, caused by speculation, false reports ... and the difficulties of a new labor-system."⁸³

It is probable that the online search for this thesis did not discover every failure, and certain that there must have been many people who faced financial difficulties or even ruin without formally becoming bankrupt. Together, the known bankruptcies shed considerable vicarious light on dealings in the raw cotton market. Of the 113 bankrupts, 60 were cotton dealers, of whom only 12 were listed in *Gore's Directory*. One reason is that most of them were based outside Liverpool. The old-fashioned cotton dealer, who lived in Manchester or the spinning towns and sold small quantities of cotton to local spinners, was far from an extinct species in the 1860s. It is also clear that the term 'dealer' could conceal huge variations in the scale of operations. At one end were T. Wood, a "coal and cotton dealer of Saddleworth" and Charles Thompson, "provision and cotton dealer and butcher, Blackburn".⁸⁴ At the other were James McMonnies, who numbered the large merchant house of T. & H. Littledale among his clients, and Louis Speltz, who failed with debts of £320,000.⁸⁵ Cotton dealers were not necessarily small-time operators.

Of the 53 broker bankruptcies (listed in Appendix 3, with sources), 22 were members of the LCBA. This number includes both entire firms and partnerships where only one partner failed. A further 18 were listed in *Gore's* as cotton brokers, while 13 were not listed anywhere. This strengthens the view that there were a great many non-LCBA brokers in Liverpool, their names still unknown. Amongst the casualties were five firms, or partners in them, that had supplied past Presidents of the LCBA: William Clare & Sons, Isaac Cooke, Samuel Gath junior, Anthony Swainson & Sons and Titherington & Gill. In addition, the scion of a sixth firm, Charles Campbell of Colin Campbell & Sons, was "charged ... with having obtained from the National Bank of Liverpool an advance of £10,500 by fraudulent pretences". The National also offered him a facility of £30,000 on the verbal and

⁸³ J. Mills, 'On the Post-Panic Period 1866-70', *Journal of the Manchester Statistical Society*, 1871, p. 94

⁸⁴ *Liverpool Mercury*, 27 December 1865 and 25 March 1868

⁸⁵ *Ibid.*, 7 July 1866 and 14 October 1864

untruthful assurance that there would be cotton to cover it.⁸⁶ To these failures of LCBA luminaries may be added two others. One was Maurice Williams: “after prices had fallen to what he considered to be a safe level, he recommenced operations on a large scale... Eventually there came a collapse, and, as he held a large stock, ... the whole of his fortune disappeared before he got rid of his cotton.”⁸⁷ The other was Peter Joynson junior, the second largest recipient of all cotton consignments in 1860. Ellison related that he was “one of the most genial ‘characters’... His invariable ... salutation ... was ‘Good morning. It’s very fine to-day’.”⁸⁸ This description can be considered alongside Hemelryk’s remembrance of “an old broker, who ... used to say to everybody: ‘It is very fine to-day.’ He had a bad end, that courteous man; he left suddenly for Spain, and his banker could have told you the reason why.”⁸⁹ The bank in question was the Liverpool Commercial Banking Co., which repossessed Joynson’s property in Wallasey in 1874.⁹⁰

As William Titherington, former partner of Titherington, Gill & Co., one of the largest recipients of cotton in both 1860 and 1864, looked out from his cell window at Lancaster Castle on 14 May 1868, wondering if he would be released the following day, he may have reflected on how the mighty had fallen. His case was symptomatic of so much. He had been jailed following a petition from his own former company for the return of corporate funds that he had used for private speculation. “The debt was ... in respect of the joint speculations of Mr Titherington, Messrs. Mozley, Mr Price Edwards, and Mr Atwool.”⁹¹ Mozley had been bankrupted the previous year.⁹² He was Albert Charles, son of Charles Mozley, Mayor of Liverpool in 1863-64 and chairman of Barning’s Bank, Liverpool, which failed in 1866.⁹³ Samuel Price Edwards had been the Collector of Customs at

⁸⁶ *Liverpool Mail*, 19 October 1867

⁸⁷ Ellison, *Gleanings*, pp. 319-320

⁸⁸ *Ibid.*, pp. 188-189

⁸⁹ Hemelryk, *Reminiscences*, p. 12

⁹⁰ *Mansions of Wallasey*, <<http://www.historyofwallasey.co.uk>> [accessed 20 March 2015]

⁹¹ *Liverpool Mercury*, 27 May 1868

⁹² *Ibid.*, 12 August 1867

⁹³ *Ancestry* <https://search.ancestry.co.uk/cgi-bin/sse.dll?db=uki1861&h=23284631&indiv=try&o_vc=Record:OtherRecord&rhSource=8912> [accessed 18 December 2017]; *Town Hall, Liverpool* <<http://liverpoolcityhalls.co.uk/media/92329/FORMER-MAYORS.pdf>> [accessed 18 December 2017]; *Barings Online Archive* <http://www.baringarchive.org.uk/materials/the_baring_archive_hc3.pdf> [accessed 18 December 2017]

Liverpool Docks until 1865 and was believed to have colluded in the escape of the *Alabama*.⁹⁴ Upon retirement, he briefly became a director of Barned's Bank. In 1867, Titherington, Gill & Co. had sued him for reneging on a purchase order. During the trial, he said: "I should think Titherington has been speculating in cotton from the earliest period of his existence as a cotton broker."⁹⁵ David Atwool had been the tenant of a warehouse at Liverpool Docks and was a friend of Price Edwards.⁹⁶ The investment was under his name because "Messrs. Mozley as bankers ... and Mr Titherington as a broker ... did not wish it divulged ... that they were engaged on their private account in extraordinary cotton speculations."⁹⁷ Titherington "could not give any idea of the amount of his liabilities ... but he thought they were not more than £100,000" (£10 million today). The largest creditor was the North-Western Bank; the next largest was the merchant house of Thomson, Finlay & Co., the twelfth largest recipient of cotton in 1864 and now in liquidation itself.⁹⁸

William Titherington was not released from jail the following day, or for some time to come.

It is superfluous to add that, apart from the downfall of Williams, no information in the preceding paragraphs was mentioned by Thomas Ellison.

⁹⁴ Milton, *Lincoln's Spymaster*, pp. 37, 120-121. There are inaccuracies in some of the details given in this source, which have been corrected here.

⁹⁵ *Liverpool Daily Post*, 18 December 1866

⁹⁶ *Ibid.*, 18 December 1866

⁹⁷ *Liverpool Mercury*, 4 June 1868

⁹⁸ *Liverpool Mail*, 16 May 1868; *Liverpool Mercury*, 27 May 1868

9

FAMINE AND FEAST

Conclusions on Britain's cotton trade during the war

After the interregnum, King Cotton resumed his throne. The imports of American cotton crept slowly up; its price crept slowly down. The volume regained its pre-war level in 1871, but not reliably until 1878: what was lost to the market in the meantime remained lost.¹ The price regained its pre-war level in 1876.² American cotton retrieved its dominance of the British market and the futile search for alternative sources of supply was suspended for a while, although not for ever. Cotton famine turned back into cotton feast. By the mid-1870s, nothing had changed. Yet everything had changed.

The laying of the transatlantic cable, the establishment of the Clearing House, the regulation of futures trading and, later, the formation of the Cotton Brokers' Bank in 1878 and the amalgamation of all elements of the cotton market into the Cotton Association in 1882, created a trading environment that must have been unrecognisable to its pre-war participants. If cotton speculation could not be prevented, at least it could be controlled. The changes were not universally welcomed. But, as Ellison commented, passively as ever, "eventually the old method (or want of method) of conducting the arrival business became so thoroughly unbearable, that it was decided to give the new plan a trial."³ These things would have happened, and would have needed to happen, in any event. The American Civil War did not cause any of them. But the extreme circumstances of the war magnified the excesses and irregularities of the Liverpool raw cotton market and made them unsustainable. In retrospect, the civil war marked a watershed in the raw cotton trade between buccaneer capitalism and self-regulated capitalism.

¹ Mitchell & Deane, *ABHS*, p. 180

² *Ibid.*, p. 491

³ Ellison, *Cotton Trade*, p. 286

The price of raw cotton, engorged by its scarcity, was the catalyst of this process. This thesis has shown definitively that Britain's production of yarn in the years 1862-64 was at 46 per cent of the level of the preceding three years and, if one makes a reasonable allowance for lost market growth, at 36 per cent of the consumption demand.⁴ Compared with the average price in 1860, the average price in 1862-64 was three and a half times higher and, at its peak on 21 July 1864, nearly five times higher.⁵ Much of that increase in price was the result of speculation, but much was also due to the demonstrable absence of by far the world's largest cotton crop from the world market, which in turn fuelled the speculation. Throughout this period, a cotton scarcity co-existed with a cotton famine. Yet, according to Farnie, the notion that the two might be related is a "a stupefying misconception... There was no real shortage of cotton in Lancashire even during 1862."⁶

Instead, the blame has been placed on the mill-owners for over-producing before the war – a judgment that Ellison and Arnold originated, to which Brady contributed a spurious statistical justification and Farnie a few selective and misleading facts, and which has been repeated without research or justification by almost every cotton historian. If one considers the 6-year period 1856-61 and advances the extraordinary proposition that the cotton trade over-produced throughout those years, that demand was in reality flat, and that everything produced at above the 1856 level was surplus to requirements, the cumulative over-production at the end of 1861 would have amounted to 124 million lbs of yarn. The shortfall in 1862 alone, compared with 1856, was 471 million lbs. Yet, as Chapter 5 showed, demand was not flat: it grew constantly during the 1850s without, until after the war had started, exciting any comment except admiration. And this growth resumed, only slightly weaker, as soon as the supply problem caused by the war was over. Farnie himself wrote that "during the triennium 1870-72 [Britain] achieved its maximum share of over 30 per cent of the world market for cotton manufactures."⁷ Under no scenario can over-production be blamed for the cotton famine. But for the war, there *might* have been some recourse to short-time working – not least because of the short American crop of 1860-61. That is all.

⁴ Tables 4.4 (page 105) and 5.4 (page 139)

⁵ Table 7.1 (page 180); Figure 3.1 (page 61)

⁶ Farnie, *English Cotton*, pp. 143, 150

⁷ Farnie, 'Cotton, 1780-1914', p. 748

So one is left with Wright's conclusion that there was a sudden and inexplicable plunge in the worldwide demand for cotton goods, which just happened to coincide with the war.⁸ To which the riposte is: what do you expect to happen when the price doubles or quadruples? It is true, of course, that demand did fall. As one would expect, it adjusted itself to the supply through the mechanism of price. In that sense, and in that sense alone, there was no scarcity. But this line of argument is pure sophistry.

Sometimes the obvious explanation is the correct one. The civil war caused the cotton scarcity, and the scarcity caused the famine. The global cotton trade operated, and needed to operate, with a substantial pipeline of stocks at every stage. The pipeline was well stocked when the civil war started. Because of the uncertainty over its duration, and because of shipping times of up to six months, the worldwide trade began to sell from stock in the summer of 1861. The pipeline drained through 1862. Until the supply and the price became dependable again, the trade bought only for immediate requirements. There was no refilling of the pipeline. Instead, there was a temporary, provisional market throughout the war, created by the related symptoms of a scarce supply and an escalating price. This is where any analysis of the cotton trade during the war needs to be centred. Once this market had emerged in late 1861, any retrospective comment on pre-war levels of production became nothing more than speculation.

This brings matters back to Liverpool. In a sense, there are only two original findings about Liverpool in this thesis. The first is that it was not a solidly pro-Confederate town and that, whatever the emotional sympathies of merchants, as a body they were strongly in favour of neutrality and non-intervention. The second is the vicious dispute between the LCBA and the spinners. This antagonism later softened for a while. In May 1868, the brokers even said they were "greatly indebted" to Hugh Mason; in January 1869, a meeting between them and the spinners "had passed off in a very friendly spirit". But it was too good to last. A few days later, Mason was back on the warpath.⁹ Otherwise, the detailed material in the final two chapters does not advance a new hypothesis; it puts layer upon layer of

⁸ Wright, *Old South*, p. 56

⁹ LRO, 380 COT/1/2/4

information upon a previously hazy framework. It has always been known that some brokers were simultaneously buyers and sellers of cotton. It has always been known that some traded cotton on their own account. It has always been known that speculation was rife in the market during the war. It has always been known that there were many business failures after the war. But all these things have been known in a sketchy way, with a lack of hard data, and especially with a lack of data for the years of the civil war. With the help of some unexamined primary sources and a great deal of anecdotal evidence and hearsay, it has been possible to build a far more complete, more vivid picture. The difficulty is in knowing what conclusions to draw when so little of the information is quantified, and when that which is quantified – principally the Bills of Entry – is to some extent open to interpretation.

The conclusions therefore need to be more circumspect than some of the evidence. There was an orgy of speculation in Liverpool during the war, much of it reckless gambling. Members of the LCBA were directly implicated in it, but how many, and to what extent, cannot be answered definitively. Without doubt, the Liverpool brokers traded extensively on their own account. Whether most of them represented both sellers and buyers of cotton is a harder question to answer. In other findings, the full gothic weight and gravitas of Victorian statistics have provided the evidence. Here, it is proposed to rely on two words written by one somewhat intemperate man. The man was Hugh Mason, and his words were contained in the allegation that “very many” of the brokers acted for both importers and spinners. Given Mason’s nature and the context of the remark, it seems significant that he did not use the word ‘all’ or even ‘most’. The probability must be that ‘very many’ brokers did perform both functions, but perhaps not most of them.

However, and in a final act of disaggregation, Liverpool cotton brokers, while ostensibly performing the simple role of middlemen, had three separate business activities. It would be hard to say which of the three was the most lucrative, and it probably varied. One part involved selling for importers and/or buying for spinners. Another part involved all manner of trading and speculative ventures of their own, sometimes in conjunction with third parties. The third part involved acting as brokers for the speculative transactions of others. In this part of their business, it must be probable that the brokers both sold to speculators and bought from them

as a matter of course. During the war, every broker would have dealt with speculators. It was thus possible for them to act for both buyers and sellers without necessarily acting for both importers and spinners. It is suggested that this is what happened, and that the huge speculative activity during the war was the final wrench of the bolts that opened the floodgates of the market and washed away Ellison's demarcations.

Chapter 8 substantiates the fact that there was a vast confection of raw cotton trading in Liverpool, and that the LCBA was merely the icing on the cake. It certainly contained all the most important brokers, and it controlled the raw cotton market to an overwhelming extent. There was more icing than there was cake. But the cake was not negligible. There was a large swathe of non-LCBA brokers, dealers and other traders: a nebulous secondary market that bought and sold cotton, sometimes in large quantities. If the cotton industry dominated the British economy, the trade in raw cotton dominated Liverpool's economy. Brokers were not a breed apart. They were an integral part of Liverpool's trading community, more so as time went by and as more general brokers added cotton to their interests. Ellison's description may yet serve as a template for how the system was intended to work, but it can no longer be regarded as an accurate description of how it did work.

A major theme of the thesis has been the disaggregation of interests. The British cotton trade was not a harmonious single entity. The interests of Liverpool and Manchester were fundamentally opposed. Within Liverpool, the interests of selling and buying brokers, and of importers, were not identical, and most brokers had varied and conflicting interests. Attitudes to the civil war were similarly diverse. Further afield, the interests of Manchester were in conflict with the attitudes of government, both in Westminster and in India. In every case, it is necessary to ask what the self-interest was of each of the groups. They seldom coincided.

The best means of judging the extent to which the scarce supply of cotton affected the worldwide market for cotton goods is to look at the price movement of those goods. From the onset of war in April 1861 to the peak in July 1864, the price rose by 252 per cent.¹⁰ Over the same period, the price of raw cotton rose by 420 per cent.¹¹ As a rule of thumb, therefore, nearly 50 per cent of the increased

¹⁰ Anon., 'Consumption', p. 332

¹¹ Donnell, *Chronological*, pp. 508-509, 528-529

cost of raw cotton can be attributed to market factors, while over 50 per cent was caused by distortion in the Liverpool cotton market. The war would have created a windfall for Liverpool in any event. The brokers not only received their due share of it, but helped reduce the manufacturers to penury into the bargain.

Severe criticism needs to be made of Liverpool's cotton brokers, unless one believes that unbridled self-interest should be the only principle of commerce. Even if it was the case that many members of the LCBA abided by its (unwritten) ethical standards – and this may have been true, especially of the more established brokerages – they have a heavy collective charge to answer. By selling freely to speculators, even when they were not speculators themselves, the brokers enabled a massive distortion of the raw cotton market, leading to a rise in price way above the natural consequence of a short supply. They profited indirectly from this speculation, through their commissions, even when they did not profit directly. They did all this when the county of which they were nominally a part was suffering to an appalling extent. They could have adjusted their commission, either by relating it to volume or by reducing the percentage when prices were abnormally high, but they did not. They could have agreed to sell only to *bona fide* spinners, whether in Britain or on the continent, but they did not. They could have used their near-monopoly power to relieve the spinners, while enriching themselves only slightly less, but they did not.

To the credit of some brokers, they were generous contributors to the Mayor of Liverpool's Distress Fund. Fourteen brokerages gave £4,000 between them (£400,000 today), a quarter of the published total.¹² But that generosity perhaps belonged in a box marked 'charity', whereas business was business. Unlike the manufacturers, who encountered their employees on a daily basis and witnessed their privations at first hand, the brokers existed in an affluent bubble, insulated against an emotional connection with their industry. Amongst the cornucopia of brokers' comments during the civil war, many of them reproduced here, few have been found that even mention the cotton famine, let alone suggest concern for what was happening on Liverpool's own doorstep. As one broker put it, "the American war, with all its sad concomitants, has not been without its benefits."¹³ The famine,

¹² *Liverpool Mercury*, 2 August 1862

¹³ Francis Hollins, annual CC for 1863, LRO, 380 COT/1/11/68

and the straits of the manufacturing trade, barely appeared on the brokers' commercial horizon. There was an obdurate determination, at all times, to keep prices as high as possible. So it is hard to feel much sympathy for those of them who were bankrupted by the war, or who suffered severe trading losses.

The shots fired on Fort Sumter on 12 April 1861 heralded the end of an era. Rather than protecting the future of slavery, as the Confederacy intended, the shots hastened its demise. They marked the eclipse of an age when Britain, despite being in denial of the fact, had used American slaves to dominate the world market for cotton goods. The termination of slave-grown cotton in America was a significant milestone in Britain's tortuous process of disengaging from its dependence on human bondage, and heralded a freer, more diverse global cotton community. The British cotton trade suffered heavy losses during the war that ended slavery, but those losses were dwarfed by the profits that slavery had enabled.

Appendix I

NOTES ON STATISTICAL SOURCES

This thesis relies on trade statistics to tell the story of Britain's cotton supply during the extended period of the American civil war. In view of the importance of these figures to the arguments presented, it is essential to state which statistics have been used, and how, and to assess the degree to which they may be relied upon.

All significant raw cotton data were collected under the auspices of the LCBA by a rota of its brokers, on a weekly basis. At the end of each year, most brokers wrote an annual report for their clients, summarising the data for the year that had ended. No better, and indeed no other, information exists for many of the key indicators. As one would expect, there were negligible differences between the figures quoted by different brokers. George Holt is the broker whose reports are used here. He included detailed historical data in each annual report so that, simply by looking at one year's report, most of the information for the years under study is instantly available. Holt's data were reproduced by Thomas Ellison in Table I of *The Cotton Trade of Great Britain*, which provides reassurance that Ellison trusted Holt's statistics. The last Holt circular discovered was for 1866, so his data for the years 1867-68 have been taken directly from Ellison. Holt's figures are the basis for all the annual raw cotton data presented from within the years 1853-68.¹

The weekly data upon which Holt's summaries were based were published verbatim by Ezekiel Donnell in his *Chronological and Statistical History of Cotton*. The one significant difference is that Donnell reported imports only into Liverpool, whereas Holt reported them for the whole country. The difference between the two totals is small, but there is a difference. Donnell's figures have therefore been amended here. The method has been to take each week within each year, and to express that week as a percentage of Donnell's total for the year, and then to apply those percentages to Holt's total. The weekly figures in this thesis therefore agree with the annual figures. Donnell's figures, adjusted to Holt's totals, are the basis for

¹ George Holt & Co., annual CC for 1866, LRO, 380 COT/1/11/71; Ellison, *Cotton Trade*, Table I

all the weekly raw cotton data presented from within the years 1858-67.² Most numbers, for both annual and weekly statistics, have been rounded to tens of thousands of pounds weight: to suggest that they are capable of any greater accuracy would be misleading.

The difficulty with both Holt and Donnell as sources is that Holt (mainly) and Donnell (entirely) presented figures in bales. As described in Chapter 4, bale weights varied from one producing country to another and between years. It is essential to convert all bale figures to weights before the information can be used. Holt presents some data in weights as well as bales: total annual imports, sales to speculators, sales to spinners, average bale weights and end-of-year stocks at both ports and mills. Ellison's Table I includes the weight of re-exports. These figures have all been used. Again, and where relevant, Donnell's weekly figures have been amended to agree with the annual figures, in the manner described above.

The outstanding omission is for imports by country of origin. Holt gives these figures in bales alone, with no average bale weight per country provided. The missing information is given in John Pender's *Statistics of Trade*. Pender was a cotton merchant in Glasgow and then in Manchester. He was also an entrepreneur, closely involved in laying the transatlantic and other cables.³ His handbook provides details of raw cotton imports by weight from all sources for all the relevant years.⁴ The totals are not identical to Holt's, but they are similar. Again, to provide consistency across all data, Pender's figures have been converted into percentages and applied to Holt's totals. It is especially helpful that Pender includes separate columns for the import of cotton from the Bahamas and Bermuda, and also from Mexico.⁵ During the civil war, most of this cotton originated in America. These totals have therefore been added to the American total. One effect is to reduce, and to make more accurate, the amount of cotton shown as coming from the West Indies, overstated in many other statistics.

² Donnell, *Chronological*, pp. 476-477, 484-485, 500-501, 508-509, 518-519, 524-525, 528-529, 534-535, 548-549, 556-557

³ W. Glover, 'The Evolution of Cable & Wireless, Part I' <<http://atlantic-cable.com/CableCos/CandW/Pender/index.htm>> [accessed 29 December 2017]

⁴ Pender & Co., *Statistics*, pp. 8-9

⁵ This was not done in the Board of Trade figures for imports by weight, reproduced in Ellison, *Cotton Trade*, Table 3, which is why those figures are not used here.

Some data are taken from a broader period in the nineteenth century. Table 2.2, showing cotton imports by source at 20-year intervals, uses information from the Parliamentary Papers, Statistical Abstracts for the United Kingdom.⁶ Other long-term data are taken from Mitchell and Deane's *Abstract of British Historical Statistics*.⁷ Figures for the production and export of cotton goods, and for the stocks of those goods, as well as for levels of wastage in spinning, have been taken from Thomas Ellison's cotton circulars.⁸ Statistics for the export of cotton goods by country from 1860 to 1866 (Table 5.1) are based on data supplied by Maurice Williams.⁹ Export volumes for a longer period, not broken down by country, are used for Figure 5.2 and are taken from Ellison's data. The totals provided by Williams and Ellison for the years 1860-66 are similar but not identical. So, in Table 5.1, Williams's figures by country have been recalculated to agree with Ellison's annual totals.

Tables 8.1, 8.2 and 8.3, detailing shipments of raw cotton into Liverpool Docks, use information from the B Lists of the Liverpool Bills of Entry.¹⁰ The figures for tonnage and port dues at the port of Liverpool are from the Mersey Docks and Harbour Board collection, analysed by Dr Graeme Milne and kindly lent by him for this thesis.

Two issues arising from this methodology must be mentioned. The first is that the three main sources (Holt, Donnell, *ABHS*) report prices in different ways. None of them is likely to be wholly accurate. Different prices would have been quoted for the same description of cotton on the same day, let alone in the same week. All prices are approximate. As a generalisation, the *ABHS* prices are the highest, and Holt's the lowest. Both Donnell (American and Indian) and Holt (American, Indian and Brazilian) quoted prices for more than one description, and in their cases an average price has been created using the relative weights of import during the relevant time period. In every case, the source used for price or values is the same

⁶ 1840: Abstract for 1840-53, p. 13; 1860: Abstract for 1855-69, pp. 58-59; 1880: Abstract for 1874-88, pp. 82-83; 1900: Abstract for 1896-1910, p. 148

⁷ Mitchell & Deane, *ABHS*, pp. 179-181, 491

⁸ Ellison & Haywood, annual CCs for 1865 and 1866, LRO, 380 COT/1/11/70-71

⁹ M. Williams, *Seven Years'* (Liverpool: William Potter, 1868), 1862, p. 27; 1863, p. 44; 1864, p. 63; 1865, p. 6; 1866, p. 8; 1867, p. 8

¹⁰ Custom Bills of Entry, Liverpool B Bills, 1860 and 1864

source as for the rest of the information in that table or figure, which means that this information, unlike the rest, is not consistent throughout the thesis. This, however, seems preferable to making an arbitrary choice of which figures to use. Since a minority of people now have experience of the pre-decimal currency, values smaller than a pound have been expressed in new pennies in the tables and figures, and also in the text, not in shillings and pence.

The second issue of methodology is more significant. There are two means of assessing how much cotton was bought by spinners each year. The first ('reported sales') is to take the consumption column provided by Holt/Ellison *verbatim*. The second ('calculated sales') is to take the Holt/Ellison total import figure, deduct re-exports and make an adjustment for port stock movement. The difference between the two sets of figures is seldom great, and is shown in Table 4.3. The calculated figure seems likely to be more accurate since it relies on verified end-of-year stock counts rather than on the brokers making consistently correct judgments on whether cotton had been bought for consumption or for speculation (which, as explained in the text, would affect whether it continued to be counted as stock). The calculated figure has therefore been used throughout for the annual figures, and has then been extended through into Donnell's weekly figures.

However, in examining these two sets of consumption data, a more serious anomaly has come to light. There is a column that purports to state the stocks of cotton held by spinners at their mills at the end of each year. It transpires that, in order to balance the books, the LCBA hid the discrepancy between reported and calculated consumption within the mill stock column, with which it has no logical connection. An examination of Ellison's data from 1811 through to 1874 reveals that – with a reasonable tolerance for rounding – the difference in the mill stock figure from one year to the next is almost invariably accounted for by the discrepancy between the two consumption figures. Moreover, the purpose of this sleight of hand was to make the figures agree to the reported consumption column. It is therefore impossible to make them retrospectively agree to the calculated consumption column. In fact, when these cumulative discrepancies are stripped out of the mill stock figures, the result is that there are negative mill stocks for the years under study. For this reason, while it would have been useful to know the figure for mill stocks, as they could have varied considerably over this particular

period, there is no reliable source for them and this issue has necessarily been disregarded. It seems significant that Ellison, who knew the statistics as well as anyone and was meticulous in his use of them, also ignored mill stock movement in his calculations of spinning output, although this did not stop him from including the erroneous data in his book, without comment.

Finally, one should ask how accurate are the resulting tables and figures in this thesis, and what reliance can be placed upon them. If the interpretation of any issue depended on a few percentage points in the data, it would be unwise to make that interpretation. Had accurate figures for mill stocks existed, they would have affected to a small extent the usage data for individual years, but would have made little difference to the period as a whole. Within the parameters of a complex industry – albeit one that was assiduously recorded – and the lapse of a century and a half, it is submitted that the statistics are generally reliable, and will support the broad conclusions drawn from them here. The possible exception to this statement concerns the stocks of finished goods. Caution must therefore be used in assessing these data, although some broad conclusions remain valid. Finally, it would appear that there may be typographical errors in Ellison's Table I figures for 1869 and 1871, probably in the imports column. This thesis is unaffected since it does not use Ellison's data after 1868.

Appendix 2

RECIPIENTS OF RAW COTTON AT LIVERPOOL

(* denotes member of the LCBA in 1864)

Recipient	1860 '000 lbs	1864 '000 lbs	Recipient	1860 '000 lbs	1864 '000 lbs
*Agelasto, D. M. & Co.	0	760	Bingham, W. & Co.	253	97
Alexander, W.	902	<1	Bird, Gillilan & Co.	2,698	0
Anderson, S. C.	576	0	Bishop, J.	289	0
Anderson, T. C.	1,720	0	Black, J.	743	86
Anderton, W.	1,063	0	Blackburne, T. B.	1,188	0
Argenti, Sechiari & Co.	1,745	43	Blessig, Braun & Co.	15,861	51
*Armour & Co.	1,715	1,998	*Blythe & Harvey	0	1,019
*Armstrong & Berey	1,724	324	Bolton, R. L.	368	0
Ashcroft, T. D.	1,528	0	Boult, English & Co.	1,705	476
Ashlin, I.	663	0	*Bower, W. & Son	1,914	2,762
Ashlin, J.	474	0	Bowman, Tetley & Co.	689	299
Asia Minor Cotton Co.	0	2,762	Boyd, Edwards & Co.	6,968	0
Ayre, J.	0	3,901	Bradbury & Cook	2,684	0
Babcock, B. F. & Co.	6,643	0	Bradshaw, H.	1,190	0
Baines, J. & Co.	0	820	Braga & Co.	0	359
Baring Bros & Co.	8,505	1,637	Bridson & Co.	0	304
Barnes, J. C. & Co.	351	<1	*Bright, W. & Sons	3,042	42
Barnsley, G. & Co.	2,125	17	Brocklebank, T. & J.	482	713
*Barton, M. & Son	1,130	25	*Broom, W. T. & Co.	0	744
Bates, E.	1	417	Brown, Shipley & Co.	2,907	232
Bates, Stenhouse & Co.	2,157	0	*Browne, Hunter & Co.	4,645	21,173
*Bateson & Hilton	0	785	Browne, J. & Co.	2,877	3
Bateson, Chambres & Co.	17,386	0	Buchanan, Browne & Co.	3,950	0
Bateson, D. O.	272	868	*Buchanan, D. C. & Co.	277	6,470
Bateson, J. G.	2,882	0	*Buchanan, Wignall & Co.	0	4,746
*Bateson, J. Sons & Co.	4,487	17,613	*Bulley, S. M.	1,253	1,415
Beazley, J.	451	0	*Bulley, Samuel (& Raffles)	3,627	0
*Belcher, M. & Co.	11,437	4,517	Burstall, J. W. & Co.	0	3,528
Belcher, W. M.	0	511	Burstall, W. & Co.	0	616
Bell & Grant	430	0	Busch, E. & Sons	820	100
Bell, Gouldie & Co.	1,348	0	*Bushby & Co.	2,768	15,850
Bell, Miller & Co.	0	4,190	Bustros Cousins	0	2,161
*Bell, Nott & Co.	0	5,464	Caesar & Sobbe	296	326
Benn, R. & G.	4,955	0	Cama, B. & Son	0	19,186
Bennett, T. F. & Co.	254	127	Cama, B. F. & Co.	8,839	4,849
Bibby, J. Sons & Co.	651	307	*Campbell, C. & Co.	7,167	1,959
Bingham, J. & Co.	1,044	0	Campbell, J. & Co.	712	506

Recipient	1860 '000 lbs	1864 '000 lbs	Recipient	1860 '000 lbs	1864 '000 lbs
*Campbell, J. P.	0	6,095	Dalby, J.	1,652	0
Caralli, J. D.	0	1,034	Daniell & Co.	3,790	5,149
Cardwell, T. & Co.	3,177	6,906	*Davies, J. H.	1,434	18
Caridia, J. L.	0	1,186	de Jersey & Co.	677	2,561
Carpi Bros & Co.	2,092	178	de Lizardi, F. & Co.	96	1,326
Carver & Co.	1,050	474	de Wolf, J. S. & Co.	639	<1
Casella, A. & Co.	0	904	*Dean, C. & Co.	1,157	290
Cassavetti & Co.	732	0	Dean, W. & Co.	1,793	0
Cater, J. W. & Co.	4,137	192	Dennistoun, Mitchell & Co.	1,168	0
Cator, W. & Nephew	292	0	Derham, W.	0	340
Caughey, J. & A.	765	0	Dick, J.	268	0
*Chambres, Holder & Co.	1,722	6,443	Dickinson, W. & Co.	1,015	3,878
Chapple, Dutton & Co.	0	1,450	Dickson, G.	459	0
Chart'd Bank of Ind, Aus & Ch	0	294	Dirom, Davidson & Co.	703	0
Christie, R. jun	3	1,560	Dixon, C. E.	2,174	2,767
*Clare, W. & Sons	6,476	4,759	Dixon, W. H.	0	956
*Clark, H.	0	2,111	Drake, Kleinwort & Co.	15,601	5,161
Clark, J.	0	270	*Duckworth & Rathbone	19,321	12,277
Clover, J. & W. W	0	13,374	Duff, Cadell & Co.	320	3,669
*Coddington Bros	3,513	316	Dunbar, D. & Sons	326	0
Collie, A. & Co.	0	1,977	Dunbar, G. V.	467	0
Collie, G. & Co.	0	924	Duncan & Kendall	2,156	0
Collie, Westhead & Co.	0	324	Dunkerly & Co.	0	298
Comber, E. & Co.	0	7,514	Dunkerly & Steinmann	0	1,101
Cook, G. S.	0	313	Duranty, A. & Co.	269	3,810
*Cooke, I. & Sons	2,770	1,227	Earle, T. & W. & Co.	1,771	33
Cooke, W. H.	0	495	*Eason, Barry & Co.	5,200	515
Cornforth, J. P.	0	1,163	*Eccles, A. & Co.	13,800	533
*Corrie & Co.	783	1,661	Eccles, Cartwright & Co.	297	3,387
*Coupland & Thorburn	885	147	Eccles, E.	11,886	217
Coupland Bros	6,512	2,520	Edwards, E.	1,149	0
Couvelas, M. & Co.	0	558	Edwards, R.	802	77
Cowan, R.	23,376	8,680	Eggers, A. F. & Co.	578	18
Coward, W. M.	0	1,225	Eustratiadi, G.	283	503
Cowie, C. G. & Co.	731	6,999	Evans, E. & Co.	1,527	0
*Cowie, Smith & Co.	7,813	8,058	Evans, H.	700	123
*Cox, E. & Sons	1,043	4,634	Fachiri, A. & Son	6,281	508
Crawford, Colvin & Co.	0	3,351	Farnworth & Jardine	528	0
Cropper, Ferguson & Co.	5,248	2,043	Farrar, Wright & Co.	0	2,402
*Cruttenden & Oulton	2,532	487	Faulkner, C. T. & Co.	982	24
Cullen, J.	2,920	1,810	Ferguson, Horsley & Co.	457	526
*Cunningham & Hinshaw	14,799	3,433	Fernie Bros & Co.	208	428
*Curry, P. W. & Co.	410	266	Fielden Bros & Co.	16,916	156
Cursetjee, Clover & Co.	0	531	*Finlay & Lance	2,012	4,263

Recipient	1860 '000 lbs	1864 '000 lbs	Recipient	1860 '000 lbs	1864 '000 lbs
Finlay, Campbell & Co.	6,562	22,891	Hankey Bros & Co.	0	5,774
Finlay, J. & Co.	0	1,031	Hanlon, J.	0	432
Forbes, Forbes & Co.	6,521	18,491	Hanlon, T.	0	9,849
Fox, E. & Co.	272	0	*Harpin & Bower	0	411
*Fox, W.	1,281	62	Harrison, J.	0	2,623
Franceys & Comer	1,103	0	Harrison, T. & J.	326	0
Franghiadi & Co.	7,270	0	Harrison, W.	340	0
Franghiadi & Rodocanachi	776	130	Hayman, W. A.	2,059	0
Frangopulo & Co.	943	0	Haynes, W. H.	708	111
Frangopulo, Agelasto & Co.	0	1,186	*Haywood & McVicar	967	1,665
Frangopulo, Bingham & Co.	940	45	Heath, E. & Co.	4,623	1
Fraser, H. N.	457	0	Hennings, Gosling & Co.	6,905	1,062
Fraser, J. B.	1,665	0	Hewitt, J. & Co.	11,834	2,833
Fraser, Trenholm & Co.	38,769	13,707	Higgin, R. & Co.	5,398	0
Frommel, H. & Co.	797	101	Hill, C. & Sons	4,174	396
Furlong, W. J.	0	1,812	Hilton & Walthew	789	0
Gardiner, S. & Co.	135	253	*Hodgson & Ryley	3,894	9
*Gaskell, J. & Son	26	392	Hodgson, Mather & Co.	0	2,637
*Gaskell, T. & R.	2,511	2	Holden, O.	3,802	0
*Gath, S.	1,351	341	Holder, T.	971	0
Gellatley, Hankey & Co.	0	290	Holland, Thompson & Co.	0	316
Georgala, B. & Co.	1,144	2,098	*Hollins, F. & Co.	45	2,140
Giannacopulo & Co.	95	264	*Hollinshead, Tetley & Co.	28,268	4,710
Giannacopulo & Cochilani	0	845	*Holt, G. & Co.	25,330	10,488
Gibbs, Bright & Co.	712	6,858	Holt, R. D.	302	0
Gilliat, J. K. & Co.	4,050	3,920	*Hornby & Robinson	0	349
Gladstone & Co.	0	275	Hornby, H. & J. & Co.	262	0
*Gladstone & Serjeantson	117	5,338	Hoskins, H. R.	822	0
Glen & Anderson	1,683	3	*Houghton, Vance & Co.	2,682	543
Glynn, W. H.	464	24	Howard, J. L.	887	0
*Good, J. W.	1,060	241	Hughes, J.	964	0
Gorst, W. A.	0	402	Hutchison, R.	3,690	0
Graham, J. & Co.	0	1,014	Huth, F. & Co.	18,917	5,188
Graham, Kelley & Co.	0	453	Inman, J. C.	708	0
Grant, J. jun	0	386	Inman, W.	317	1
Graves, S. R.	179	1,480	Ireland, J.	419	1
Green, G, Son & Co.	5,150	42	Isaac, Low & Co.	23,773	0
Greenshields & Co.	505	51	Jackson, J. A. & Co.	10,657	0
Guion & Co.	5,622	835	Jackson, W. & Sons	8,289	138
Gunston, Wilson & Co.	73	4,070	*Jardine, E. & Co.	1,197	76
Habershon, E.	0	489	*Jefferson & Taylor	545	3,383
*Haigh, T. & Co.	28,157	5,919	Johnson, J.	325	0
*Hall & Jones	0	596	Johnston, E, Son & Co.	2,090	0
Hall & Mellor	3,604	0	Johnston, J.	314	0

Recipient	1860 '000 lbs	1864 '000 lbs	Recipient	1860 '000 lbs	1864 '000 lbs
Johnston, S. & Co.	146	1,062	Mason, D.	435	0
Jones, J.	1,796	27	Mason, W.	4,419	842
Jones, W. G.	0	403	Massey, J.	0	1,286
*Joseph Bros	1,183	73	Maximo & Damiano	0	783
*Jowett, S.	24	1,167	Maxwell, W. A. & G. & Co.	6,121	1,197
Joynson, J.	301	0	*Mayall & Andersson	0	783
*Joynson, J. & M.	2,364	109	McDowell & Hallidays	1,697	169
*Joynson, P. jun	34,552	1,576	Meade, King & Co.	3,853	448
*Joynson, T. & Co.	24,007	19,848	Meadows, Frost & Co.	7,244	0
*Kearsley & Cunningham	1,709	1,311	Meister & Gille	0	486
Keeley, W.	0	999	Melhuish & Dela Rue	5,333	101
Kerferd, G. B. & Co.	4	385	*Melladew, R.	1,606	0
King Bros	266	55	*Mellor & Co.	0	5,499
Klingenders, W.	364	0	Mellor & Southall	1,468	2,940
Kohn-Speyer & Co.	44	290	*Mellor, Cunningham & Powell	2,813	1,001
Lafone, H.	0	277	Melly, C. P.	0	576
Laird, Fletcher & Co.	292	0	Melly, Forget & Co.	15,004	1,999
Lamport & Holt	1,453	610	Melly, G.	0	738
Langton, W.	531	0	Menasce Bros & Co.	94	6,390
Lawrence, E. & Co.	100	256	Merrylees, Hadkinson & Co.	0	504
Lea, Waddington & Co.	2,929	0	*Meugens & Forwood	0	254
Leech, Harrison & Co.	12,734	2,264	Meugens, E. & Co.	1,761	<1
Lemonius & Co.	1,915	1,670	Miller & Mosman	357	1,269
*Littledale, T. & H. & Co.	15,900	16,687	Milligan, Evans & Co.	3,403	656
Littlejohn, M.	483	0	Mills, T. & Co.	794	0
*Livesey & Thorpe	3,378	7,955	Mody & Co.	0	5,918
*Lloyd, L.	379	53	*Molyneux, Taylor & Co.	21,632	3,907
Lockett, W. & J.	0	308	Moon, E. & Co.	6,314	0
*Logan & Shaw	383	1,740	Moon, W.	1,913	1
Lucy, W. & Son	456	273	Moore, C.	4,898	8
Lunds & Vernon	0	3,862	Moore, H. & Co.	521	0
Lyon, F. & Bros	2,915	4,792	Moore, J. B. & Co.	412	157
Maclean, Maris & Co.	2,236	1,396	*Morgan, J. B.	1,778	427
Maclure, H.	2,467	0	Moses, Levy & Co.	0	374
Macrae, J. H.	1,137	5	Moss, J. & Co.	0	1,206
Macrae, J. W.	460	0	Murphy, J.	346	0
Mahler Bros & Co.	408	15	*Musgrove, E. & Co.	8,267	3,531
Maitland, D. J.	0	345	*Mussabini, P.	0	2,867
Malcolmson, J. & D. & Co.	21,743	226	Myers, J. J	212	478
Manning, T. & Co.	0	986	Naggiar, Nasser & Co.	0	1,821
*Marriott & Co.	21,156	6,717	Napier, J.	415	8
Martin, A. & G.	5	556	Nathabhoy, C, Sons & Co.	0	3,903
Martin, G.	575	79	Negreponce, C. & M.	390	1,386
*Mason & Lister	7,496	66	*Newall & Clayton	7,746	4,643

Recipient	1860 '000 lbs	1864 '000 lbs	Recipient	1860 '000 lbs	1864 '000 lbs
*Nicholson & Wrigley	0	1,039	Reade, J. W.	1,197	2,151
Nicholson, H. H.	2,891	0	*Reede, J. S. M. & Co.	2,624	0
Nicol, Duckworth & Co.	54	6,387	Rennie, Clowes & Co.	12	10,462
Nicolopulo, D. & Co.	0	947	*Reynolds & Gibson	2,481	3,655
Nixon & Killick	708	0	Rice, J.	266	4
Nolden, W.	307	0	Richardson, Spence & Co.	5,204	0
Oelrichs, G. & Co.	0	646	Robertson, C.	0	911
Overbeck & Co.	693	0	Robinson Bros	0	4,272
Oxley, J. S. & Co.	0	2,874	Robinson, J.	1,902	0
Oxley, W. Son & Co.	6,104	0	Rodocanachi, C. T.	861	2,112
Papayanni Bros	719	520	Rodocanachi, P. P.	969	0
Pappacalo, D.	1,266	678	Rodocanachi, P. Z.	1,486	688
Parks, Smith & Co.	0	254	*Rogers & Calder	15,692	5,968
*Paton, D.	1,397	7	Roquerbe, Menasce & Co.	1,559	0
Pearce & Fairclough	276	0	Rowland, T.	0	285
Peel, J. & Co.	0	6,279	*Rushton, Johnson & Co.	802	362
*Peers, W. & Son	958	0	Russell, Coles & Co.	1,169	1,892
*Percival Bros & Co.	0	1,819	*Salisbury, Turner & Grey	2,754	4,098
Percival, Campbell & Co.	1,954	0	Saunders, C. & Co.	3,807	4,128
Philpott & Warren	808	0	Schemeil Bros & Co.	10	2,351
Phipps & Co.	836	46	Schilizzi, J. P. & Co.	1,109	679
Pickford & Co.	943	6	*Schofield & Blackburn	1,422	0
Pigot, J. C.	308	0	Schroder & Boninger	0	312
Pinto Leite & Bros	0	683	Schroder, J. H. & Co.	20,855	2,087
Pirrie, W. & Co.	53	344	Schunk, Souchay & Co.	817	284
Pixton, G.	3,589	261	Schuster, Leo, Bros & Co.	164	2,607
Poonjabhoy, D.	0	7,716	Sellar, T. & Co.	3,227	143
Postlethwaite & Carlisle	1,259	0	*Shakespeare, I. & Co.	1,783	764
*Postlethwaite, T. & Co.	7,538	287	Shand & Co.	0	715
Powell, T.	492	10	Shand, A.	305	0
Prange & Meyer	2,433	310	Shand, C. W. & F.	501	2
Prange & Son	0	3,113	*Shand, Higson & Co.	7,107	1,436
Prehn, Wilson & Co.	956	122	Shaw, C. & Co.	0	509
Proudfoot, P. & Co.	0	1,289	Shaw, J.	619	0
Quentell, W. & Co.	0	1,560	*Shaw, R. & Co.	912	66
*Raffles, W. W.	0	409	Shepherd, J. & Co.	574	0
Railton, J. & Son	0	441	*Sheppard & Hyslop	1,019	268
Ralli & Co.	2,633	0	Shinn, R.	397	76
Ralli & Mavrojani	0	1,180	Simpson, D. C. & Co.	358	2
Ralli & Psicha	2,343	7,076	Singlehurst, R. & Co.	1,904	1,579
Ralli, Benachi & Co.	0	462	Smart, J.	287	0
Rankin, Gilmour & Co.	2,405	385	Smith & Mullins	759	1
Rathbone Bros & Co.	15,235	73	*Smith, Edwards & Co.	0	5,881
Rawcliffe, W.	2,915	0	Smith, R. & Co.	0	473

Recipient	1860 '000 lbs	1864 '000 lbs	Recipient	1860 '000 lbs	1864 '000 lbs
Smith, S.	287	0	*Tomlinson, W. D. & Co.	965	2
Smithson, T.	308	0	*Treppin & Rome	0	2,498
Solvyns Bros	2,383	36	Turner, J. H.	0	371
Songey, W. F. & Co.	452	0	Turner, W. D.	11,079	7,305
Spartali, N. D. & Co.	283	452	Veevers, J. & J.	509	0
Spoonley, S. jun	0	811	Wakefield, Nash & Co.	2,922	59
*Stead Bros	3,753	2,797	Walker, Cotesworth & Co.	0	419
Steiger & Pictet	919	39	Walker, J.	330	0
Stewart, J.	0	345	Ward, J.	274	0
*Stock, J. & Son	1,854	3	Warren & Thayer	2,387	0
Stolterfoht, Sons & Co.	6,743	404	Waterhouse, J. D.	0	261
Stolterfoht, T. N.	367	0	*Waterhouse, N. & Sons	876	2,039
*Strafford Brothers & Co.	0	362	Watson, S.	730	0
Stratton, J.	1,199	0	Watts, W. C. & Co.	0	1,300
Stretch, T.	423	0	*Webster, H. J.	2,795	798
Stuart & Warry	2,697	240	Webster, J. & Co.	1,065	191
*Swainson, A. & Sons	28,393	6,809	Whitaker & Co.	0	1,860
Swire, J. & Sons	4,801	0	*Whitaker, Whitehead & Co.	815	15,631
Tappenbeck, A. & Co.	50	1,058	*Whitehead & Hetherington	0	809
Taylor & Co.	470	139	Whitehead, J. W.	2,537	0
Taylor, D.	395	0	Whitehead, Whitehead & Co.	0	388
Taylor, Tipper & Co.	1,006	0	Wichelhaus & Busch	401	76
Tennant, E. & Co.	1,888	1,314	Wignall, W. B.	0	622
The Merchants' Co.	5,921	836	Williams & Blythe	965	2
Thinn, R.	0	279	Williams & Henry	2,744	0
Thomas, D. J.	266	0	Williams, J.	0	1,071
Thomas, R. L. & Co.	0	332	*Williams, M.	1,311	72
*Thompson & Bradbury	313	36	*Williams, O. H. & Co.	0	303
Thomson & Oldfield	0	291	Wilson, C. & H.	3,386	0
Thomson, Finlay & Co.	7,189	13,084	*Withers & Co.	0	5,334
Thomson, H. M.	9,482	19	Withers & Wrigley	3,220	2
*Thomson, J. B. & Co.	4,434	13,123	*Wolstenholme, C.	3,052	334
Thorburn Bros & Co.	317	0	Wrigley, D.	582	0
*Thornely & Pownall	818	174	*Wrigley, J. & Sons	1,794	101
Tidner, W. D.	1,216	0	Wylie, A. H.	1,632	0
*Tipton, R. S.	684	1,105	Young, R.	367	9
*Titherington, Gill & Co.	27,168	2,179	Ziegler, Meiss & Co.	1,525	1,044
Tod, A.	1,596	371	Zizinia & Co.	7,816	1,088
Tomlinson, C. B.	278	0	Zwilchenbart, E. & Co.	6,305	0

This table lists all recipients of more than 250,000 lbs of raw cotton
at Liverpool docks in either 1860 or 1864

Appendix 3

BANKRUPTCIES OF COTTON BROKERS

(* LCBA member in 1864; ^G listed in *Gore's*)

^G Aman, G. J.	<i>Liverpool Daily Post</i> , 17 February 1871
Ashton, F. J.	<i>Liverpool Mercury</i> , 2 July 1866
Bannatyne, Robert	<i>Liverpool Mercury</i> , 9 January 1868
Barber, Charles W. & Worthington	<i>Liverpool Daily Post</i> , 30 December 1869
^G Battams, George W.	<i>Liverpool Mercury</i> , 14 February 1870
*Boult, Walter	<i>London Gazette</i> , 26 February 1869
*Browne, Hunter & Co.	<i>Liverpool Daily Post</i> , 20 February 1871
*Cherry, Pim	<i>Liverpool Mail</i> , 3 September 1870
^G Christie, R. G.	<i>Liverpool Mercury</i> , 23 April 1866
*Clare, Wm. & Sons	<i>Liverpool Courier & Commercial Advertiser</i> , 14 January 1870
^G Cleaton & Prowse	<i>Liverpool Mercury</i> , 4 June 1867
^G Clough, Richard Henry	<i>Liverpool Mercury</i> , 8 July 1867
*Cooke, Isaac	<i>Liverpool Daily Post</i> , 31 May 1866
*Coupland, James Henry	<i>Liverpool Courier & Commercial Advertiser</i> , 3 January 1870
^G Cunningham, Andrews & Co.	<i>Liverpool Mercury</i> , 9 January 1871
^G Cunningham, John Usher	<i>Liverpool Courier & Commercial Advertiser</i> , 16 November 1870
*Curry, P. W. & Co.	<i>Liverpool Mercury</i> , 3 September 1866
^G Darbigny & Steiger	<i>Liverpool Daily Post</i> , 17 January 1867
*Dean, Charles & Co.	<i>Liverpool Daily Post</i> , 12 December 1867
^G Fairclough, E.	<i>Liverpool Mail</i> , 22 July 1865
Fielding, Joseph B.	<i>Liverpool Mercury</i> , 6 July 1868
*Gath, Samuel jr	<i>Liverpool Mercury</i> , 22 April 1867
Gibson & Innes	<i>Liverpool Mercury</i> , 12 August 1867
Glynn, W. H. (Ker, Glynn & Co.)	<i>Liverpool Daily Post</i> , 28 March 1871
Grahame, James	<i>Liverpool Courier & Commercial Advertiser</i> , 16 November 1870
^G Helder, George	<i>Liverpool Daily Post</i> , 17 March 1871
Holland, Charles	<i>Liverpool Mercury</i> , 2 March 1868
*Houghton & Co.	<i>Liverpool Mail</i> , 21 January 1871
Hughes, F. R. & Co.	<i>Liverpool Mercury</i> , 29 October 1866
Lawson, Adam	<i>Liverpool Mercury</i> , 14 June 1869
*Lees, W. Pythian & Co.	<i>Liverpool Daily Post</i> , 5 July 1869
Lewis, Robert	<i>Liverpool Mercury</i> , 17 February 1865
*Livesey & Thorpe	<i>Liverpool Daily Post</i> , 25 September 1869
^G Mellor & Phillips	<i>Liverpool Daily Post</i> , 4 November 1869
*Meugens, Marc	<i>Liverpool Courier & Commercial Advertiser</i> , 27 October 1870
^G Mozley, Albert Charles	<i>Liverpool Mercury</i> , 12 August 1867
^G Orrell, George Sisson	<i>Liverpool Mercury</i> , 13 August 1868
Phillipps, John D.	<i>Liverpool Mail</i> , 21 January 1871

^G Philpott, Broadbent & Co.	<i>Liverpool Mercury</i> , 6 July 1868
*Postlethwaite, T. & Co.	<i>Liverpool Mercury</i> , 24 March 1870
^G Ridings, Edmund & Thomas	<i>Liverpool Mercury</i> , 9 January 1871
*Rowlinson, R. B.	<i>Liverpool Mercury</i> , 20 February 1865
*Ryland, Richard Alexander	<i>Liverpool Mercury</i> , 18 December 1865
*Schofield & Blackburn	<i>Liverpool Mail</i> , 21 January 1871
*Shaw, Richard & Co.	<i>Liverpool Mercury</i> , 3 August 1866
*Sleigh, Alexander	<i>Liverpool Daily Post</i> , 26 September 1870
*Swainson, Anthony & Sons	<i>Liverpool Daily Post</i> , 3 December 1868
*Titherington, William	<i>Liverpool Mercury</i> , 4 October 1869
^G Tobias, Alexander John	<i>Liverpool Courier & Commercial Advertiser</i> , 3 September 1870
Tobin, John Alexander	<i>Liverpool Mail</i> , 20 August 1870
^G Walker, John	<i>Liverpool Daily Post</i> , 1 February 1867
^G White, Thomas G. & Co.	<i>Liverpool Mercury</i> , 3 May 1869
*Williams, William Henry	<i>Liverpool Mercury</i> , 4 October 1869

Most bankruptcies received multiple press mentions; the source given is the first discovered in the online search.

Appendix 4

POST-WAR BIOGRAPHICAL NOTES

No one involved in the British cotton trade during the American Civil War could have failed to recall it as one of the most memorable eras of their lives, whether for good or for ill. Several names have weaved their way through this narrative, many of them brought blinking into the limelight for only a brief moment of time. Their memory of the civil war years must have stayed with them to the end of their days. These paragraphs relate what happened to some of them after the war.

Thomas Ellison continued his dual career of cotton broker and historian until his death in 1904 at the age of 72. However dense the veil he drew over the excesses of his trade, he remains an outstanding cotton historian. According to one biography, his death “caused considerable grief on the exchange, where the flag was hoisted at half-mast... Ellison's work has retained its value, unimpaired by the passage of time and unsullied by criticism” (except perhaps here). Having been apprenticed to Maurice Williams, “Ellison declined the offer of a partnership because he disliked the speculation to which ... Williams had become addicted. He established his own firm, and resolved to confine his operations to brokerage.”¹

Williams, having made and lost a fortune, left the world of cotton in 1875 and became an estate agent.² He died in 1879.³ “As a performer on his own trumpet,” wrote the *Porcupine*, “Mr Maurice Williams emits no uncertain sound, and whether the subject is cotton or politics, he [lets] us know that he is ... ‘great pumpkins’.”⁴ Among the many people with whom he had spats were the Neill brothers.⁵ Ellison’s estate on his death amounted to £16,278, while Williams left under £200.⁶

Paul Hemelryk, an immigrant from Leyden in the Netherlands, published his slim autobiographical notes as late as 1916. They contained more insights into the

¹ Farnie, *ODNB*, ‘Ellison’

² Ellison, *Gleanings*, p. 320

³ *Liverpool Mercury*, 16 June 1879

⁴ *Porcupine*, 6 May 1865

⁵ Williams, *Seven Years*, 1865, pp. 8-9

⁶ Farnie, *ODNB*, ‘Ellison’

cotton market during the civil war than Ellison's weighty volume. Hemelryk was a pioneer in the establishment of stronger financial procedures for the newly formed Cotton Association and was the first Chairman of the Settlement Association.⁷ He became Vice-Chairman of the Liverpool Chamber of Commerce and Chairman of the School of Commerce.⁸ At the end of his reminiscences, he reflected on an era of "substantial risks and unexampled recklessness", with brokers "dreaming of unbounded wealth and of an El Dorado which is only within the reach of a few... It should be remembered," he concluded, "that human nature is not ideal."⁹

The address of William Forwood, later Sir William, to the Statistical Society of London in 1870, was even shorter than Hemelryk's memoir, but a rich mine of information. At the outset of the civil war, Forwood was arrested in New York, suspected of carrying money and dispatches to the Confederacy.¹⁰ He was a Liverpool merchant from the cradle: his father was senior partner in the importers Leech, Harrison and Forwood, and his mother the daughter of an early cotton broker. He and his brother "rapidly made their fortunes, first from wartime speculation and blockade running, and then from exploiting telegraph and cotton futures". In addition to his comprehensive business interests, Forwood had an energetic civic life. He was elected to Liverpool town council in 1868 and served for more than 40 years. Amongst his many achievements, he was president of the Liverpool Chamber of Commerce, and of the American Chamber, deputy Chairman of Cunard, Chairman of the Bank of Liverpool, High Sheriff of Lancashire, pioneer of the Mersey tunnel, Chairman of the committee which financed and built Liverpool Cathedral and a fellow of the Statistical Society. He died in 1928.¹¹

Arthur Arnold, later Sir Arthur, had a varied and distinguished public life, whatever his shortcomings as an economist and historian. He was MP for Salford from 1880 to 1885, on the radical wing of the Liberal Party. The list of political causes that he espoused was endless, most of them unpopular at the time, many of

⁷ Ellison, *Cotton Trade*, p. 295

⁸ *The Catholic Who's Who*,
<https://archive.org/stream/1908catholicwho00burnuoft/1908catholicwho00burnuoft_djvu.txt>
[accessed 22 December 2017]

⁹ Hemelryk, *Reminiscences*, p. 28

¹⁰ *Liverpool Mercury*, 11 November 1861

¹¹ J. Killick, 'Forwood, Sir William Bower (1840–1928)', in *ODNB*
<<http://www.oxforddnb.com/view/article/47004>> [accessed 22 December 2017]

them later becoming accepted opinion. They included church disestablishment, land law reform, state ownership of the railways, reform of metropolitan government, temperance reform, the enfranchisement of women, home rule for Ireland and reform of the married women's property laws. He died in 1902.¹²

Arnold was joined in Parliament by Hugh Mason, also as a Liberal, also from 1880 to 1885, and representing Ashton-under-Lyne. Mason was a successful mill-owner and philanthropist, dedicated to improving the welfare of his employees and constructing what was known as the 'Oxford colony' for them. According to his online biography by Farnie, "he continued to run his own mills full time throughout [the cotton famine]; only ten other millowners out of two thousand did so." He was President of the Manchester Chamber of Commerce for three terms, from 1871 to 1874, and was appointed a member of the Mersey Docks and Harbour Board, the first person ever from outside Liverpool. How he must have enjoyed that. He became a deputy lieutenant of Lancashire and President of the Society for the Promotion of Scientific Industry. It comes as no surprise to learn that Hugh Mason "preserved an abiding love of plain speech". He died in 1886.¹³

In 1882, Samuel Smith joined Arnold and Mason on the Liberal benches, having beaten William Forwood's brother in a Liverpool by-election. He was defeated in 1885, but was elected for Flintshire the following year, retaining his seat until 1905. Gladstone was a constituent, and became a friend. He "spoke in the House of Commons on moral, social, religious, currency, and Indian questions. He was an industrious ... representative of the nonconformist conscience." The Prevention of Cruelty to Children Act embodied reforms that Smith had advocated in Liverpool. Given his multiple talents – business acumen, incisive judgment and clarity in communication – it is surprising that he never served in government, but he was said to have been "an effective back-bench politician, representing the old radical tradition of campaigning without seeking office." Smith became a Privy Councillor on his retirement from politics in 1905, and died a year later.¹⁴

The Neill brothers were among the casualties of the civil war. Their British firm was bankrupted in September 1865, following a failed investment in a cotton

¹² Woods, *ODNB*, 'Arnold'

¹³ Farnie, D., 'Mason, Hugh (1817–1886)', in *ODNB*
<http://www.oxforddnb.com/view/article/47905> [accessed 22 December 2017]

¹⁴ Norgate, *ODNB*, 'Smith'

ginning factory in Turkey.¹⁵ The American firm continued. The Neills travelled extensively through the Southern States in late 1865, making “the South partially legible again”.¹⁶ William Neill wrote home that “the negroes seem to be nearly all leaving the plantations & wandering about.”¹⁷ Before long, William detached himself from the partnership and concentrated on commodities other than cotton.¹⁸ He died in 1913. Henry stayed in New Orleans until the end of his life and was a founder member of both the New York and the New Orleans Cotton Exchanges.¹⁹ Apart from trading cotton, he specialised in forecasting the size of the cotton crop, putting himself permanently at odds with the producers, who always predicted a small crop in the hope of raising the price. Jamie Pietruska has written: “a recognized authority in Britain by the 1860s, Neill achieved ‘cotton prophet’ status on both sides of the Atlantic in the 1890s on the basis of his uncannily accurate predictions of the three largest yields in history.”²⁰ When he got one season’s forecast wrong, Southern newspapers wreaked their vengeance... “Henry Neill has damaged the cotton farmers more than all the boll worms, rust, floods and drouths” ... “[His] outrageous and inexcusable prophecies” ... “Fabric of guess work” ... “[A] commercial Judas, who undertook to deliver the hard-working producers into the hands of sharp men” ... “An enemy of the public welfare” ... “[A] prophet [who] is an agent of evil” ... “A demon of destruction”.²¹

When he died in 1906, his obituary in the *New York Times* said that he was reputed to be “the greatest cotton crop estimate expert in the world”.²²

¹⁵ *Burnley Free Press*, 2 October 1864; *London Gazette*, 15 September 1865; *Levant Herald*, 19 April 1865

¹⁶ J. Pietruska, “‘Cotton Guessers’: Crop Forecasters and the Rationalizing of Uncertainty in American Cotton Markets, 1890-1905”, in H. Berghoff et al. (eds), *The Rise of Marketing and Market Research* (New York: Palgrave Macmillan, 2012), p. 51

¹⁷ Letter from William Neill to his wife Susan, 17 October 1865, held by the author

¹⁸ Letters of William Neill, held by the author

¹⁹ *New York Times*, 13 September 1906

²⁰ Pietruska, ‘Cotton Guessers’, p. 50

²¹ *Birmingham Age Herald*, 5 September 1899; *Raleigh News and Observer*, 15 October 1899; *Atlanta Constitution*, 11 March 1899, 2 November 1899, 7 November 1899, all quoted in Pietruska, ‘Cotton Guessers’

²² *New York Times*, 13 September 1906

BIBLIOGRAPHY

Primary Sources

Archives (manuscript)

Letters of William Neill (held by the author)

Minute Book of the LCBA, Liverpool Record Office, 380COT/1/2/2-3-4

National Archives: Interference with Trade between New York and the Bahamas, May 1862-July 1863 (FO 881/1162); Letter, Iron-Clad Vessels launched at Liverpool (Mr Laird), 1863 (FO 881/1174); Letter, To Treasury, Detention of Iron-Clad Vessels at Liverpool, 1863 (FO 881/1175)

Archives (printed)

Constitution, Laws and Usages of the Liverpool Cotton Brokers Association, 1871 (Liverpool: Joseph A. D. Watts & Sons, 1871), Liverpool Record Office, 380/COT/1/1/1

Cotton Supply Association, Annual Reports, John Rylands Library, Archive of the Oldham Textile Employers' Association, GB 133 OLD/6/17/1-11

Custom Bills of Entry, Liverpool B Bills, Merseyside Maritime Museum, C/BE/Liverpool

Liverpool Cotton Brokers' Association Records, Liverpool Record Office, 380 COT/1/11/62-64-66-67-68-69-70-71: cotton circulars for 1859-1866, issued by Colin Campbell & Son, Cowie, Smith & Co, Cruttenden & Oulton, Cunningham & Hinshaw, Daniel C. Buchanan & Co, Edgar Musgrove, Edmund Jardine, Ellison & Haywood, Francis Hollins, George Holt & Co, Hall & Mellor, Hodgson & Ryley, Hollinshead, Tetley & Co, Isaac Cooke & Sons, J. C. Ollerenshaw, James Howell, John Wrigley & Sons, Kearsley & Cunningham, Marriott & Co, Maurice Williams, Mayall & Andersson, Newall & Clayton, Robson & Eskrigge, Rogers & Calder, Samuel Kearsley & Co, Samuel Smith, Smith, Edwards & Co, Stead Brothers, T. & H. Littledale & Co, Thornely & Pownall, William Peers & Son and Wm. Clare & Sons

Mersey Docks and Harbour Board collection, Merseyside Maritime Museum, Liverpool

Parliamentary publications

Hansard, 3rd Series: 1850, cxii, 40; 1862, clxviii, 1022-1023; 1863, clxx, 68-72; 1863, clxxii, 226; 1864, clxxiii, 975

Parliamentary Papers, Memorial from Certain Shipowners of Liverpool Suggesting an Alteration in the Foreign Enlistment Act, 1863, lxxii, 3200

Parliamentary Papers, Statistical Abstract for the United Kingdom in Each of the Last Fifteen Years: 1st No. 1840-53 (1854), 11th No. 1849-63 (1864), 13th No. 1851-65 (1866), 17th No. 1855-69 (1870), 36th No. 1874-88 (1889), 58th No. 1896-1910 (1911)

Online archives

American Chamber of Commerce, Liverpool, resolution of meeting, reproduced at
 <<https://history.state.gov/historicaldocuments/frus1865p4/d4446>>, [accessed 12 August 2016]

British Newspaper Archive, <<https://www.britishnewspaperarchive.co.uk/>>

Neill Bros & Co. circulars:

The Times, 21 November 1860 (circular of unknown date)

Glasgow Daily Herald, 23 August 1861 (circular of 21 August 1861)

Daily Alta, California, 9 September 1861 (circular of unknown date)

Liverpool Morning Post, 4 January 1862 (circular of 19 December 1861)

Liverpool Morning Post, 13 February 1862 (circular of 11 February 1862)

Manchester Courier, 24 May 1862 (circular of 23 May 1862)

Liverpool Morning Post, 18 July 1862 (circular of 15 July 1862)

Glasgow Daily Herald, 3 December 1863 (circular of 1 December 1863)

Liverpool Mercury, 4 June 1864 (circular of 1 June 1864)

Belfast News-letter, 6 December 1864 (circular of 1 December 1864)

Leeds Mercury, 6 January 1865 (circular of 1 January 1865)

Glasgow Daily Herald, 4 February 1865 (circular of 1 February 1865)

Manchester Courier, 3 March 1865 (circular of 1 March 1865)

Manchester Courier, 5 April 1865 (circular of 1 April 1865)

The War of the Rebellion A Compilation of the Official Records of the Union and Confederate Armies <<https://catalog.hathitrust.org/Record/004388999>>, Series 1, Vol. 1; Series 2, Vols 2 and 4

Books, memoirs and pamphlets

'A Cotton Spinner', *The Anomalies of the Cotton Trade: The Liverpool Brokerage System* (Manchester: Simms and Dinham, 1841)

'A Lazy-Un' (E. Braddyll), *The Lays of Cotton Broking* (Liverpool: Harris & Co, 1865)

Adams, H., *The Education of Henry Adams* (Boston: Houghton Mifflin, 1918)

Arnold, R., *The History of the Cotton Famine, from the Fall of Sumter to the Passing of the Public Works Act* (London: Saunders, Otley, & Co, 1864)

Ashworth, H., *A Tour in the United States* (London: A. W. Bennett, 1861)

Baynes, J., *The Cotton Trade: Two Lectures on the Above Subject* (Blackburn: John N. Haworth, 1857)

Brace, C., *The Life of Charles Loring Brace, Chiefly Told in his Own Letters* (edited and with commentary by his daughter Emma Brace) (New York: Scribner, 1894)

Bulloch, J. *The Secret Service of the Confederate States in Europe, Volume 2* (New York: G. P. Putnam's Sons, 1884)

Chapman, J., *The Cotton and Commerce of India Considered in Relation to the Interests of Great Britain* (London, John Chapman, 1851)

Corsan, W. ('an English Merchant'), *Two Months in the Confederate States* (London: Richard Bentley, 1863)

Donnell, E., *Chronological and Statistical History of Cotton* (New York: James Sutton & Co, 1872)
Earl Russell and the Slave Power (Manchester: The Union & Emancipation Society, 1863)

Ellison, T., *Gleanings and Reminiscences* (Liverpool: Henry Young & Sons, 1905)

- Ellison, T., *The Cotton Trade of Great Britain* (London: Effingham Wilson, Royal Exchange, 1886)
- Forwood, W., *Recollections of a Busy Life* (Liverpool: Henry Young & Sons, 1910)
- Goschen, Viscount, *Essays and Addresses on Economic Questions (1865-1893)* (London: Edward Arnold, 1905)
- Hemelryk, P., *Forty Years' Reminiscences of the Cotton Market* (Liverpool: Rockcliff Bros, 1916)
- Howe, A. (ed.), *The Letters of Richard Cobden*, Vol. II (Oxford University Press, 2010)
- Howe, A. & S. Morgan (eds.), *The Letters of Richard Cobden*, Vol. IV (Oxford University Press, 2015)
- Lalor, J., *Money and Morals: A Book for the Times* (London: John Chapman, 1852)
- List of Merchants & Shipowners Entitled to Vote for Members of the Committee of the Liverpool Docks, 1st July 1846* (Liverpool: J. Mawdsley, 1846) (Athenaeum Club Library, Liverpool)
- The Liverpool Cotton Brokers' Alphabet* (Liverpool: Leader office, 1873)
- Mann, J., *The Cotton Trade of Great Britain: Its Rise, Progress, & Present Extent* (London: Simpkin, Marshall, & Co, 1860)
- McCulloch, J., *A Dictionary, Practical, Theoretical, and Historical of Commerce and Commercial Navigation* (London: Longman, Brown, Green and Longmans, 1844)
- New York Times, The Effect of Secession upon the Commercial Relations between the North and South* (New York: Office of *The New York Times*, 1861)
- Orchard, B., *Liverpool's Legion of Honour* (Birkenhead: self-published, 1893)
- Orchard, B., *Twenty Literary Portraits of Business Men* (Liverpool: Matthews Brothers, 1884)
- Pender, J. & Co, *Statistics of Trade* (Manchester: A. Ireland & Co, 1869)
- Russell, W., *My Diary North and South* (Boston: Burnham, 1863)
- Sandford, W. (ed.), *Cotton Supply from the Ottoman Empire* (London: J. E. Taylor, 1862)
- Slack, J., *Remarks on Cotton* (Liverpool: J. Lang, 1817)
- Smith, S., *My Life-Work* (London: Hodder & Stoughton, 1902)
- Smith, S., *The Cotton Trade of India* (London: Effingham Wilson, 1863)
- Smithers, H., *Liverpool, its Commerce, Statistics and Institutions* (Liverpool: T. Kaye, 1825)
- Stephen, L., *The Times on the American War* (London: William Ridgway, 1865)
- Stirling, J., *Letters from the Slave States* (London: J. W. Parker & Son, 1857)
- Watts, I., *The Cotton Supply Association: Its Origin and Progress* (Manchester: Tubbs & Brook, 1871)
- Watts, J., *The Facts of the Cotton Famine* (London: Simpkin, Marshall, & Co, 1866)
- Weld & Co, *Cotton Futures: Their Use and Method of Working* (Liverpool: self-published, 1905)
- Williams, M., *Seven Years' History of the Cotton Trade of Europe* (Liverpool: William Potter, 1868)

Journal articles

- 'American Cotton Crops and Prices, 1857-61', *Journal of the Statistical Society of London*, 24.4 (December 1861), pp. 595-597
- Ashworth, H., 'Cotton: Its Cultivation, Manufacture and Use', *Journal of the Society of Arts*, Vol. 6, No. 277 (March 1858), pp. 256-264
- Chase, W., 'The Secession of the Cotton States', *De Bow's Review*, Vol. XXX, article VIII (January 1861), pp. 98-101

- 'The Consumption of Raw Cotton and the Price of Raw and Manufactured Cotton, 1860-64', *Journal of the Statistical Society of London*, 28.2 (June 1865), pp. 229-232
- Danson, J., 'On the Existing Connection between American Slavery and the British Cotton Manufacture', *Journal of the Statistical Society of London*, 20.1, March 1857, pp. 1-21
- De Bow's Review*, Vol. IV, issue 3 (November 1847), p. 340
- Edinburgh Review* (Edinburgh: A. & C. Black, 1863), Vol. CXVII, January 1863, 'Public Affairs', pp. 269-305
- Forwood, W., 'The Influence of Price upon the Cultivation and Consumption of Cotton during the Ten Years 1860-70', *Journal of the Statistical Society of London*, Vol. 33.3 (September 1870), pp. 366-383
- Helm, E., 'The Cotton Trade of the United Kingdom, During the Seven Years, 1862-68, as Compared with the Seven Years, 1855-61', *Journal of the Statistical Society of London*, Vol. 32.4 (December 1869), pp. 428-437
- Hunt's Merchants' Magazine*, 1841, IV, p. 224
- Levi, L., 'On the Cotton Trade and Manufacture as affected by the Civil War in America', *Journal of the Statistical Society of London*, Vol. 26, March 1863, pp. 26-48
- Maclure, J., 'Report of the Central Relief Committee of Manchester 1862-1863', *The Westminster Review*, Vol. XXIV (July 1863), pp. 191-219
- Mills, J., 'On the Post-Panic Period 1866-70', *Journal of the Manchester Statistical Society*, 1871, pp. 81-104
- Olmsted, F., 'Account of the Present Condition of the Slave Regions of the United States', *Journal of the Statistical Society of London*, Vol. 24, No. 4 (December 1861), pp. 523-527
- Review of 'The History of the Cotton Famine' (by R. Arthur Arnold), *British Quarterly Review*, Vol. 41 (1865), pp. 358-380
- Shaw, A. (attributed), 'The Cotton Crisis; and How to Avert it', *British Quarterly Review*, Vol. 52 (October 1857), pp. 416-448
- Spencer, J., 'Growth of the Cotton Trade in Great Britain, America & the Continent of Europe 1825-75', *Transactions of the Manchester Statistical Society*, session 1876-7, pp. 231-240
- Wray, L., 'The Culture and Preparation of Cotton in the United States of America', *Journal of the Society of Arts*, Vol. 7, No. 318 (December 1858), pp. 77-92

Newspapers

- Burnley Free Press*, 2 October 1864
- The Economist*, 13 April and 18 May 1861, 11 January and 1 November 1862, 31 January 1863
- Leeds Mercury*, 14 March 1862
- Levant Herald*, 19 April 1865
- Liverpool Daily Post*, 12 March 1857, 18 December 1866, 5 May 1868
- Liverpool Mail*, 19 October 1867, 16 May 1868
- Liverpool Mercury*, 1860-1865
- London Gazette*, 14 May 1861, 15 September 1865
- London Standard*, 20 July 1861
- Manchester Courier & Lancashire General Advertiser*, 25 April 1857, 20 July 1864
- Manchester Examiner & Times*, 20 July 1864, 21 January 1865, 25 October 1866

Manchester Guardian, 24 September 1862, 26 March 1866

New York Times, 31 July 1861, 13 September 1906

Porcupine, 9 November 1861, 6 May and 29 July 1865, 21 May 1870

Preston Guardian, 18 June 1862

The Times, 17 February, 7 July, 6 August and 14 August 1862, 9 February and 12 November 1863, 10 December 1864, 12 December 1867, 24 December 1878

Detailed references for the bankruptcies of cotton brokers reported in the *Liverpool Press* are given in Appendix 3.

Directory

Gore's Directory for Liverpool and its Environs. 1841, 1860, 1862, 1864, 1865, 1867, 1868, 1869, 1870 and 1871 (Athenaeum Club Library, Liverpool)

Secondary Sources

Books

Adams, E., *Great Britain and the American Civil War* [Project Gutenberg EBook #13789]; *ibid.*, Vol. II (London: Longmans, Green and Company, 1925)

Ashworth, W., *The Industrial Revolution: The State, Knowledge and Global Trade* (London: Bloomsbury, 2017)

Bailey, L., *The Gilbert & Sullivan Book* (London: Spring Books, 1966)

Beckert, S., *Empire of Cotton: A New History of Global Capitalism* (London: Allen Lane, 2014)

Bennett, R., *Local Business Voice: The History of Chambers of Commerce 1760-2011* (Oxford University Press, 2011)

Blackett, R., *Divided Hearts: Britain and the American Civil War* (Alexandria, LA: Louisiana State University Press, 2001)

Boaz, T., *Guns for Cotton: England Arms the Confederacy* (Shippensburg, PA: Burd Street Press, 1996)

Boyson, R., *The Ashworth Cotton Enterprise: The Rise and Fall of a Family Firm 1818-1880* (Oxford: Clarendon Press, 1970)

Brief Sketch of the American Chamber of Commerce in Liverpool (Liverpool: Liverpool Printing & Stationery Co, 1908)

Brown, J., *A Hundred Years of Merchant Banking* (New York: Arno Press, 1978)

Buck, N., *The Development of the Organisation of Anglo-American Trade 1800-1850* (New Haven, CT: Yale University Press, 1925)

Campbell, D., *English Public Opinion and the American Civil War* (Woodbridge: The Royal Historical Society, 2003)

Cohn, D., *The Life and Times of King Cotton* (Oxford University Press, 1956)

Collins, M., *Banks and Industrial Finance in Britain 1800-1939* (London: Macmillan, 1991)

- Collins, N., *Politics and Elections in Nineteenth-Century Liverpool* (Aldershot: Scolar Press, 1994)
- Crick, W. & J. Wadsworth, *A Hundred Years of Joint Stock Banking* (London: Hodder & Stoughton, 1936)
- Crook, D., *The North, the South, and the Powers* (New York: John Wiley & Sons, 1974)
- Deane, P., *The First Industrial Revolution* (Cambridge University Press, 1967)
- Doyle, D., *The Cause of All Nations: An International history of the American Civil War* (New York: Basic Books, 2015)
- Dufour, C., *The Night the War was Lost* (Lincoln, NE: University of Nebraska Press, 1990)
- Ellison, M., *Support for Secession: Lancashire and the American Civil War* (Chicago University Press, 1973)
- Farnie, D., 'Cotton, 1780-1914', in D. Jenkins (ed.), *The Cambridge History of Western Textiles, Vol. II* (Cambridge University Press, 2003)
- Farnie, D., 'The Structure of the British Cotton Industry, 1846-1914', in A. Okochi & S. Yonekawa (ed.), *The Textile Industry and its Business Climate*, Proceedings of the Fuji Conference (Tokyo University Press, 1982)
- Farnie, D., *The English Cotton Industry and the World Market, 1815-1896* (Oxford: Clarendon Press, 1979)
- Foner, P., *British Labor and the American Civil War* (New York: Holmes & Meier, 1981)
- Foner, P., *Business & Slavery: The New York Merchants and the Irrepressible Conflict* (Chapel Hill, NC: University of North Carolina Press, 1941)
- Hall, C. et al., *Legacies of British Slave-Ownership: Colonial Slavery and the Formation of Victorian Britain* (Cambridge University Press, 2014)
- Harnetty, P., *Imperialism and Free Trade: Lancashire and India in the mid-Nineteenth Century* (Manchester University Press, 1972)
- Henderson, W., *The Lancashire Cotton Famine 1861-1865* (New York: Augustus M. Kelley, 1969)
- Howe, A., 'The Business Community', in M. Rose (ed.), *The Lancashire Cotton Industry: A History since 1700* (Preston: Lancashire County Books, 1996)
- Howe, A., *Free Trade and Liberal England 1846-1946* (Oxford University Press, 1997)
- Howe, A., *The Cotton Masters 1830-1860* (Oxford: Clarendon Press, 1984)
- Huzzey, R., *Freedom Burning: Anti-Slavery and Empire in Victorian Britain* (Ithaca, NY: Cornell University Press, 2012)
- Jones, H., *Blue and Gray Diplomacy* (Chapel Hill, NC: University of North Carolina Press, 2010)
- Jones, H., *Union in Peril: The Crisis over British Intervention in the Civil War* (Chapel Hill, NC: University of North Carolina Press, 1992)
- Longmate, N., *The Hungry Mills* (London: Maurice Temple Smith Ltd., 1978)
- Machin, W., 'A Short History of the Liverpool Cotton Market, Part I', in *Liverpool Raw Cotton Annual* (Liverpool: Turner Routledge & Co, 1957)
- Mäenpää, S., 'Cotton Brokers in the Liverpool Business Community in the Late 19th Century', in A. Jarvis & R. Lee (ed.), *Trade, Migration and Urban Networks in Port Cities, c. 1640-1940* (St. John's, Newfoundland: International Maritime Economic History Association, 2008)
- Marler, S., *The Merchants' Capital: New Orleans and the Political Economy of the Nineteenth-Century South* (Cambridge University Press, 2013)
- McClelland, K., in C. Hall et al., *Legacies of British Slave-Ownership: Colonial Slavery and the Formation of Victorian Britain*, Appendix 4 (Cambridge University Press, 2014)

- McPherson, J., *Battle Cry of Freedom* (London: Penguin Books, 1990)
- Milne, G., *Trade and Traders in mid-Victorian Liverpool* (Liverpool University Press, 2000)
- Milton, D., *Lincoln's Spymaster: Thomas Haines Dudley and the Liverpool Network* (Mechanicsburg, PA: Stackpole Books, 2003)
- Mitchell Jones, F., *Middlemen in the Domestic Trade of the United States 1800-1860* (Champaign, IL: University of Illinois Press, 1937)
- Mitchell, B. & P. Deane, *Abstract of British Historical Statistics* (Cambridge University Press, 1962)
- Olusoga, D., *Black and British: A Forgotten History* (London: Pan Macmillan, 2016)
- Onuf, N. & P. Onuf, *Nations, Markets, and War: Modern History and the American Civil War* (Charlottesville, VA: University of Virginia Press, 2006)
- Owsley, F., *King Cotton Diplomacy: Foreign Relations of the Confederate States of America* (University of Chicago Press, 1959 [1931])
- Palen, M-W., *The "Conspiracy" of Free Trade: The Anglo-American Struggle over Empire and Economic Globalisation, 1846-1896* (Cambridge University Press, 2016)
- Parthasarathi, P., *Why Europe Grew Rich and Asia Did Not* (Cambridge University Press, 2011)
- Perkins, E., *Financing Anglo-American Trade: The House of Brown 1800-1880* (Cambridge, Mass.: Harvard University Press, 1975)
- Phalen, W., *The Consequences of Cotton in Antebellum America* (Jefferson, NC: McFarland & Co, 2014)
- Pietruska, J., 'Cotton Guessers: Crop Forecasters and the Rationalizing of Uncertainty in American Cotton Markets, 1890-1905', in H. Berghoff et al. (ed.), *The Rise of Marketing and Market Research* (London: Palgrave Macmillan, 2012)
- Pressnell, L. & J. Orbell, *A Guide to the Historical Records of British Banking* (Aldershot: Gower Publishing Co, 1985)
- Redford, A. and others, *Manchester Merchants and Foreign Trade*, Vol. I, (Manchester University Press, 1973)
- Redford, A., *The History of Local Government in Manchester, Vol. II* (London: Longmans, 1940)
- Riello, G., *The Fabric that Made the Modern World* (Cambridge University Press, 2015)
- Rose, M. (ed.), *The Lancashire Cotton Industry: A History since 1700* (Preston: Lancashire County Books, 1996)
- Rostow, W., *British Economy of the Nineteenth Century* (Oxford University Press, 1948)
- Schmidt, B., *The Influence of Wheat and Cotton on Anglo-American Relations during the Civil War* (Iowa City: State Historical Society, 1918)
- Schoen, B., *The Fragile Fabric of Union* (Baltimore, MD: The Johns Hopkins University Press, 2009)
- Searle, G., *Morality and the Market in Victorian Britain* (Oxford: Clarendon Press, 1998)
- Sebrell, T., *Persuading John Bull: Union and Confederate Propaganda in Britain, 1860-65* (Lanham, MD: Lexington Books, 2014)
- Sexton, J., *Debtor Diplomacy: Finance and American Foreign Relations in the Civil War Era 1837-1873* (Oxford University Press, 2005)
- Silver, A., *Manchester Men and Indian Cotton 1847-1872* (Manchester University Press, 1966)
- Spencer, W., *The Confederate Navy in Europe* (Tuscaloosa: University of Alabama Press, 1983)
- Thorp, R., *Mersey Built: The Role of Merseyside in the American Civil War* (Wilmington, DE: Vernon Press, 2017)

- Watson, B., *Freedom Summer* (New York: Viking, 2010)
- Williams, D., 'Liverpool Merchants and the Cotton Trade 1820-1850', in J. Harris (ed.), *Liverpool and Merseyside* (London: Frank Cass & Co, 1969)
- Williams, D., 'The Shipping of the North Atlantic Cotton Trade in the mid-Nineteenth Century', in D. Alexander & R. Ommer (ed.), *Volumes not Values: Canadian Sailing Ships and World Trades*, Proceedings of the Third Conference of the Atlantic Canada Shipping Project (St John's, NL: University of Newfoundland Press, 1979)
- Wise, S., *Lifeline of the Confederacy: Blockade Running During the Civil War* (Columbia, SC: University of South Carolina Press, 1988)
- Woodman, H., *King Cotton and his Retainers* (Washington D.C.: Beard Books, 2000)
- Wright, G., *Old South, New South* (New York: Basic Books, 1986)

Journal articles

- Beckert, S., 'Emancipation and Empire: Reconstructing the Worldwide Web of Cotton Production', *The American Historical Review*, Vol. 109, No. 5 (December 2004), pp. 1405-1438
- Beloff, M., 'Great Britain and the American Civil War', *Historical Revision*, No. CXVIII (February 1952), pp. 40-48
- Brady, E., 'A Reconsideration of the Lancashire "Cotton Famine"', *Agricultural History*, Vol. 37, No. 3 (July 1963), pp. 156-162
- Collins and P. Hudson, M., 'Provincial Bank Lending: Yorkshire and Merseyside, 1826-60', *Bulletin of Economic Research*, Vol. 31 (1979), pp. 69-79
- Dattel, E., 'Cotton, the Oil of the Nineteenth Century', *The International Economy* (Winter 2010), pp. 60-63
- Drysdale, R., 'Blockade-running from Nassau', *History Today*, Vol. 27, issue 5 (May 1977), pp. 332-337
- Dumbell, S., 'The Origin of Cotton Futures', in J. Keynes and D. Macgregor (ed.), *Economic History* (a supplement to the *Economic Journal*) Vol. 1, 1926-29 (London: Macmillan & Co, 1929), May 1927, pp. 259-267
- Earle, E., 'Egyptian Cotton and the American Civil War', *Political Science Quarterly*, 41.4 (December 1926), pp. 520-545
- Hall, N., 'The Business Interests of Liverpool's Cotton Brokers, c. 1800-1914', *Northern History*, Vol. 41.2 (September 2004), pp. 339-355
- Hall, N., 'The Emergence of the Liverpool Raw Cotton Market, 1800-1850', *Northern History*, Vol. 38.1 (March 2001), pp. 65-81
- Hall, N., 'The Governance of the Liverpool Raw Cotton Market, c. 1840-1914', *Northern History*, 53.1 (March 2016), pp. 98-115
- Hall, N., 'Liverpool's Cotton Importers', *Northern History*, 54.1 (March 2017), pp. 79-93
- Hall, N., 'The Liverpool Cotton Market and Cotton Re-exports, c. 1815-1914', *Northern History*, Vol. 43.2 (September 2006), pp. 257-271
- Hall, N., 'The Liverpool Cotton Market and the American Civil War', *Northern History*, Vol. 34.1 (March 1998), pp. 149-169
- Henderson, W., 'The American Chamber of Commerce for the Port of Liverpool, 1801-1908', *Journal of the Historic Society of Lancashire & Cheshire*, Vol. 85 (1933), pp. 1-61

- Hidy, R., 'The Organization and Functions of Anglo-American Merchant Bankers, 1815-1860', *The Journal of Economic History*, Vol. 1 (Supplement, December 1941), pp. 53-66
- Huzzey, R., 'The Moral Geography of British Anti-Slavery Responsibilities', *Transactions of the Royal Historical Society*, Vol. 22 (December 2012), pp. 111-139
- Hyde, B. Parkinson and S. Marriner, F., 'The Cotton Broker and the Rise of the Liverpool Cotton Market', *Economic History Review*, Vol. 08.1 (1955), pp. 75-83
- Johnson, L., 'Northern Profit and Profiteers: The Cotton Rings of 1864-65', *Civil War History*, Vol. 12, No. 2 (June 1966), pp. 101-115
- Killick, J., 'Risk, Specialization and Profit in the Mercantile Sector of the Nineteenth Century Cotton Trade: Alexander Brown and Sons 1820-80', *Business History*, Vol. 16:1 (1974), pp. 1-16
- Killick, J., 'The Cotton Operations of Alexander Brown and Sons in the Deep South, 1820-1860', *The Journal of Southern History*, Vol. 43, No. 2 (May 1977), pp. 169-194
- Lebergott, S., 'Through the Blockade: The Profitability and Extent of Cotton Smuggling, 1861-1865', *The Journal of Economic History*, Vol. 41, No. 4 (December 1981), pp. 867-888
- Marler, S., 'The Merchant Capitalist Community of New Orleans, 1860-1862', *Civil War History*, Vol. 54, No. 3 (September 2008), pp. 247-276
- Milne, G., 'Reputation, Information and Ethics' (unpublished working paper, Mercantile Liverpool Project, University of Liverpool)
- North, S., 'The World's Supply and Consumption of Cotton', *Textile Recorder*, Vol. 20 (December 1902), pp. 251-252
- Pelzer, J., 'Liverpool and the American Civil War', *History Today*, March 1990, pp. 46-52
- Putnam, G., 'The London Times and the American Civil War', *The Magazine of History with Notes and Queries*, Vol. 22 (April 1916), pp. 131-144
- Roberts, A., 'The Federal Government and Confederate Cotton', *The American Historical Review*, Vol. 32, No. 2 (January 1927), pp. 262-275
- Stone, A., 'The Cotton Factorage System of the Southern States', *The American Historical Review*, Vol. 20, No. 3 (April 1915), pp. 557-565
- Surdam, D., 'King Cotton: Monarch or Pretender? The State of the Market for Raw Cotton on the Eve of the American Civil War', *The Economic History Review*, Vol. 51.1 (February 1998), pp. 113-132
- Tuffnell, S., 'Expatriate Foreign Relations: Britain's American Community and Transnational Approaches to the U.S. Civil War', *Diplomatic History*, Vol. 40, issue 4 (September 2016), pp. 635-663

Unpublished theses

- Ashcroft, N., 'Unnatural and Unexpected Vicissitudes: British Maritime Enterprise and the American Civil War, 1856 to 1870', for Ph.D., University of Hull, 1999
- Augar, P., 'The Cotton Famine, 1861-5: A Study of the Principal Cotton Towns during the American Civil War', for Ph.D., University of Cambridge, 1979
- Boodry, K., 'The Common Thread: Slavery, Cotton and Atlantic Finance from the Louisiana Purchase to Reconstruction', for Ph.D., Harvard University, 2014
- Farnie, D., 'The English Cotton Industry, 1850-1896', for M.A., University of Manchester, 1953
- Hall, N., 'The Cotton Brokers and the Development of the Liverpool Cotton Market c1800 to 1914', for D.Phil., University of Oxford, 1999
- Hughes, F., 'Liverpool and the Confederate States: Fraser, Trenholm and Company Operations during the American Civil War', for Ph.D., University of Keele, 1996

Online reference works

Legacies of British Slave Ownership:

'[Joseph Christopher Ewart](https://www.ucl.ac.uk/lbs/person/view/44892)' <<https://www.ucl.ac.uk/lbs/person/view/44892>>
[accessed 7 October 2016]

'[Thomas Berry Horsfall](https://www.ucl.ac.uk/lbs/person/view/946224849)' <<https://www.ucl.ac.uk/lbs/person/view/946224849>>
[accessed 7 October 2016]

Oxford Dictionary of National Biography (ODNB):

Farnie, D., '[Ellison, Thomas \(1833–1904\)](http://www.oxforddnb.com/view/article/58116)' <<http://www.oxforddnb.com/view/article/58116>>
[accessed 22 December 2017]

Farnie, D., '[Mason, Hugh \(1817–1886\)](http://www.oxforddnb.com/view/article/47905)' <<http://www.oxforddnb.com/view/article/47905>>
[accessed 22 December 2017]

Hewitt, M., '[Watts, John \(1818–1887\)](http://www.oxforddnb.com/view/article/28890)', <<http://www.oxforddnb.com/view/article/28890>>
[accessed 20 April 2015]

Howe, A., '[Thomasson, Thomas \(1808–1876\)](http://www.oxforddnb.com/view/article/27252)'
<<http://www.oxforddnb.com/view/article/27252>> [accessed 17 October 2018]

Killick, J., '[Forwood, Sir William Bower \(1840–1928\)](http://www.oxforddnb.com/view/article/47004)'
<<http://www.oxforddnb.com/view/article/47004>> [accessed 22 December 2017]

'[Mayall, John \(1803–1876\)](http://www.oxforddnb.com/view/article/37750)' <<http://www.oxforddnb.com/view/article/37750>> [accessed 17 October 2018]

Norgate, G., '[Smith, Samuel \(1836–1906\)](http://www.oxforddnb.com/view/article/36157)', rev. H. Matthew
<<http://www.oxforddnb.com/view/article/36157>> [accessed 8 December 2014]

Woods, G., '[Arnold, Sir \(Robert\) Arthur \(1833–1902\)](http://www.oxforddnb.com/view/article/30454)'
<<http://www.oxforddnb.com/view/article/30454>> [accessed 21 Nov 2014]

Web pages

Ancestry, Albert C. Mozley, 1861 England Census <https://search.ancestry.co.uk/cgi-bin/sse.dll?db=uki1861&h=23284631&indiv=try&o_vc=Record:OtherRecord&rhSource=8912>
[accessed 18 December 2017]

Barings Online Archive, Series HC3 British Isles
<http://www.baringarchive.org.uk/materials/the_baring_archive_hc3.pdf> [accessed 18 December 2017]

Boodry, K., *August Belmont and the Atlantic Trade in Cotton 1837–1865*
<https://www.rothschildarchive.org/materials/review_2009_2010_august_belmont_1.pdf>
[accessed 7 October 2017]

British Surnames <<http://www.britishsurnames.co.uk/>> [accessed 17 November 2015]

The Catholic Who's Who
<https://archive.org/stream/1908catholicwho00burnuoft/1908catholicwho00burnuoft_djvu.txt>
[accessed 22 December 2017]

Dattel, E., *Cotton in a Global Economy: Mississippi (1800–1860)*
<<http://mshistorynow.mdah.state.ms.us/articles/161/cotton-in-a-global-economy-mississippi-1800-1860>> [accessed 7 October 2017]

- Glover, W., *The Evolution of Cable & Wireless, Part I* <<http://atlantic-cable.com/CableCos/CandW/Pender/index.htm>> [accessed 29 December 2017]
- Grady, J., *Forbes and Aspinwall Go to War*
<http://opinionator.blogs.nytimes.com/2013/07/26/forbes-and-aspinwall-go-to-war/?_r=0> [accessed 7 October 2016]
- Hanlon, W., *Industry Connections and the Geographic Location of Economic Activity*
<<http://ssrn.com/abstract=2143419>> [accessed 28 March 2014]
- Jones, H., *Union and Confederate Diplomacy During the Civil War*
<<http://www.essentialcivilwarcurriculum.com/union-and-confederate-diplomacy-during-the-civil-war.html>> [accessed 21 May 2015]
- List of Vessels Constructed by Cammell Laird Shipbuilders*
<<http://www.wirralhistory.com/lairds.html#1860>> [accessed 7 October 2016]
- Lowcountry Digital History Initiative, *Liverpool's Abercromby Square and the Confederacy During the U.S. Civil War* <<http://ldhi.library.cofc.edu/exhibits/show/liverpools-abercromby-square/introduction>> [accessed 23 February 2017]
- Mansions of Wallasey* <<http://www.historyofwallasey.co.uk>> [accessed 20 March 2015]
- Olmstead, A. & P. Rhode, *Cotton, Slavery, and the New History of Capitalism*
<http://www.law.columbia.edu/sites/default/files/microsites/law-economics-studies/olmstead_-_cotton_slavery_and_history_of_new_capitalism_131_nhc_28_sept_2016.pdf> [accessed 7 October 2017]
- Powell, J., *The Neills & the American Civil War*
<<https://jimpowellblog.files.wordpress.com/2016/02/genealogy-neills-the-american-civil-war-131011.pdf>> [accessed 8 October 2017]
- Sebrell, T., *The American Civil War in Britain* <<http://www.essentialcivilwarcurriculum.com/the-american-civil-war-in-britain.html>> [accessed 8 October 2017]
- Town Hall, Liverpool* <<http://liverpoolcityhalls.co.uk/media/92329/FORMER-MAYORS.pdf>> [accessed 18 December 2017]